DEPARTMENT OF THE NAVY APPROPRIATIONS FOR 1953

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

EIGHTY-SECOND CONGRESS

SECOND SESSION

SUBCOMMITTEE ON DEPARTMENT OF THE NAVY APPROPRIATIONS

HARRY R. SHEPPARD, California, *Chairman*

ANTONIO M. FERNANDEZ, New Mexico RICHARD B. WIGGLESWORTH, Massachusetts

PAUL M. WILSON, *Executive Secretary to Subcommittee*

PART 3

Printed for the use of the Committee on Appropriations

UNITED STATES
GOVERNMENT PRINTING OFFICE
95338 WASHINGTON : 1952

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DEPARTMENT OF THE NAVY APPROPRIATIONS FOR 1953

ORDNANCE

WITNESSES

REAR ADM. MALCOLM F. SCHOEFFEL, UNITED STATES NAVY, CHIEF OF THE BUREAU OF ORDNANCE
REAR ADM. WILLIAM S. PARSONS, UNITED STATES NAVY, DEPUTY CHIEF OF THE BUREAU OF ORDNANCE
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Mr. SHEPPARD. We have with us at this time Admiral Malcolm F. Schoeffel and his associates. He is the Chief of the Bureau of Ordnance, and I would like to ask you, Admiral, if you have a general statement that you would like to present to the committee at this time.

Admiral SCHOEFFEL. I have, sir.

Mr. SHEPPARD. You may proceed with your general statement and we will not interrupt you.

Admiral SCHOEFFEL. I am pleased at the opportunity of appearing again before this committee to discuss the programs of the Bureau of Ordnance.

OBLIGATIONS AND COMMITMENTS

I would like at this moment to introduce the figures on our obligations and commitments.

As of the 29th of February 1952, we had obligations of $779,738,154 and commitments of $143,804,695, or a total encumbrance of $923,542,849 against our 1952 appropriation "Ordnance and facilities."

This is 58.38 percent obligated, and a total of 69.14 percent encumbered.

GENERAL STATEMENT

The basic structure of our funding program is shown in the justification books and budget schedules that have been submitted. More data, both classified and unclassified, are available in additional documents to support the specific estimates contained in this appropriation request.

I sincerely hope that we shall be able to place before you sufficient information to give you a complete understanding not only of our requirements but also of the methods by which our responsibilities have been translated into the fiscal plan that we ask you to fund under this appropriation title.

The chief responsibility of the Bureau of Ordnance is to provide the best weapons to the fleet (surface, aerial, and subsurface), in the quantities needed to support current operations and mobilization plans. In meeting this responsibility, the 1953 program continues to put major emphasis on the procurement and production of ordnance and ammunition; that is, of service hardware. Chart 1, which is based on summary data given on page 14–7 of the justification book, clearly indicates this. Supporting programs are shown in their relation to the procurement program and to the requirements of the past and present fiscal years.

The line at the extreme left of that chart [indicating] shows the amounts appropriated under this appropriation in the years 1951 and 1952 and the amount requested for 1953.

Then the line further to the right [indicating] indicates for each one of the subheads of the activities of this appropriation the amounts, either appropriated in 1951 or 1952, or requested in 1953.

I think it is plain, gentlemen, that the great majority of our funds has gone into the procurement of ordnance and ammunition, and it is planned in 1953 for this to continue.

A total of $982,600,000 is required for this appropriation during fiscal 1953. This is a reduction of 26.3 percent from the 1952 level, and is 31.6 percent below the level of 1951. These comparisons of 1951, 1952, and proposed 1953 funding are only useful as they illustrate the changing scope and nature of the naval ordnance program as part of the expanded defense effort begun in late June 1950.

The large sums provided by supplementals in 1951 permitted the Bureau of Ordnance (1) to meet the initial and sustained demands for support of the Korean operation, and (2) to start a production program that would make improved weapons available for early service use in the quantities needed for the augmented naval forces. The initial production of new weapons—the products of postwar research and development programs—was a significant part of 1951 operations. The largest single procurement effort in this year was directed toward the production of new and critical types of ammunition.

1952 funding was less than in fiscal 1951. There were, however, important changes in the nature of this second-year expansion of the defense program. Chief emphasis in procurement was placed on production of improved types of long-lead-time ordnance equipment to meet weapon installation schedules. A second major objective during this year was the establishment of a broad production base to support revised mobilization plans. This required the expansion of production facilities and the development of multiple sources of supply. Adjustments in the original 1952 procurement plans have been necessary to provide for continuation of the Korean operation in fiscal 1952, and to extend the schedules of actual material deliveries over a longer period than was originally contemplated. These adjustments, however, have not changed the basic purpose and nature of the 1952 phase in the total build-up of the ordnance support of naval forces.

1952 was also a year in which much attention was given to the condition of ordnance station facilities. Correction of serious plant and equipment deficiencies and expansion to meet the production workload will be substantially accomplished in 1952.

I direct attention to the improvements and alterations and the facilities block in the chart, and how it went up in 1952 and is coming down again in 1953.

The program for renovating unserviceable ammunition available from World War II was accelerated to provide the ready source of supply required for the Korean campaign, and has very adequately served this purpose.

I invite attention again to the blocks under maintenance of ordnance and ammunition and how they went up in 1952 and dropped again in 1953.

It is against this very general background that I wish briefly to discuss the highlights of the 1953 program.

The modification of production schedules to meet revised mobilization plans, substantially reduces the funds needed at this date for procurement of ordnance and ammunition. The estimates we present here will permit extension and/or initiation of new-weapon production at minimum rates through closely figured reorder lead-time periods. The calculated risk in this policy of extending minimum production schedules will require extremely careful planning and administration of the whole complex production program. This problem, simply stated, is to establish and sustain production schedules that will do the following:

(*a*) Meet operational requirements.
(*b*) Minimize accumulation of inventories.
(*c*) Avoid peaking of production.

(*d*) Establish a broad base of production potential that will permit rapid expansion if mobilization comes.

These estimates are our procurement plans. They assume that accurate, balanced schedules can be maintained that will meet these four major considerations. Detailed information on our requirements and production planning for major end items of procurement is available for more complete illustration of how these basic policy matters are considered in our specific estimates.

MAINTENANCE OF ORDNANCE AND AMMUNITION

The requirements for maintenance of ordnance and ammunition this year are substantially less than in 1952 and show how the heavy funding has operated to eliminate a heavy backlog of work.

There is a reduction also in the cost of maintenance, operation, improvements and alterations to facilities.

I would like to invite attention to the blocks on maintenance and operation of facilities where a reduction is shown.

The Ordnance Shore Establishment which plays so vital a part in the development, production, and handling of ordnance material, has expanded during these last 18 months. This expansion has been scaled to the requirements of augmented fleet operations, the expanded production program, and the acceleration of research projects. Increased productive activity is scheduled for fiscal 1953. Savings due to the correction of deferred maintenance projects and the availability of new equipment will, however, more than offset the increased costs of maintaining our shore establishment at this greater productive pace.

The research and development program of the Bureau of Ordnance falls into two broad classifications: (1) Development of entirely new weapons and (2) the use of new techniques in improving existing weapons.

RESEARCH AND DEVELOPMENT

I invite attention to the blocks on research and development. It shows an uppage being requested for 1953.

This program is carried on under 12 of the 15 Research and Development Board categories with work directed toward the fulfillment of 71 operational requirements. An increase in funds over the 1952 level is needed to achieve the accomplishments planned for fiscal 1953. Particular emphasis is necessary on projects related to atomic warfare, air defense, anti-submarine, and combat air operations.

Our support of the Naval Reserve program is relatively constant although an increase in maintenance cost is indicated for fiscal 1953.

The industrial mobilization program is considerably reduced due to the completion of many of the mobilization objectives under present funding.

Finally, an increase of 94 positions in Bureau staff is requested. I wish to dwell on this particular requirement in greater detail in discussing the estimate for departmental administration, but I mention this item at this time because it is so important to the successful accomplishment of the total responsibilities placed upon the Bureau in 1953.

Before concluding my general remarks on the content of the 1953 estimates, I wish to mention particularly one of the major naval pro-

grams for which the Bureau of Ordnance carries heavy responsibilities—that is antisubmarine warfare. The necessity of being prepared to wage antisubmarine warfare has been stressed many times. This matter has been the subject of serious discussion with this committee and other committees of Congress.

It is possible at this time to report that significant progress has been made in this critical program. Conventional antisubmarine weapons have been improved, a new one introduced, and several others are undergoing the final phases before becoming service weapons.

The funds requested for fiscal 1953 for mines, depth charges, nets, projector charges, and projectors are much less than for 1952 as we are, in general, close to a satisfactory position in these items. This is not the case with new torpedo types. There, our supply position is not satisfactory and an increase in funds is requested. This requirement is so important to our 1953 plans that I have had a special presentation prepared to illustrate the planned employment of these torpedoes.

There is another matter that is of great importance to an understanding of the Bureau's planning although it is only partly related to the appropriation estimates under discussion today. That is the planning, control, and use of personnel in our field establishment.

In view of the long-continued interest of the committee in this subject I ask that you let us give a presentation immediately after these remarks of mine showing how we estimate our personnel requirements and how we manage our personnel problems.

We shall have to talk about two closely related but not quite identical aspects of personnel. The first is the estimation and management of personnel on our own stations. Please remember that some of them are paid from appropriations we don't control. Our management responsibility, however, is to this total employment.

The second aspect is the number of civilians paid from our appropriations. Most of these people are in our stations but some are at stations for which we do not have management control. These people are engaged in ordnance work and the cost of this labor is included in our appropriation requests and employment estimates.

We have numerous tables, available for the record, if you wish, to back up the presentation.

MONDAY MARCH 24, 1952.

Mr. SHEPPARD. The committee will come to order. Admiral Schoeffel, I notice in your general statement you say:

> This is so important to our 1953 plans that I have had a special presentation prepared to illustrate the planned improvement of these torpedoes.

Do you want to make that presentation at the moment, or do you want to defer it?

PERSONNEL REQUIREMENTS, BUREAU OF ORDNANCE

Admiral SCHOEFFEL. I would like to defer it until later.

Mr. SHEPPARD. You say on page 6:

> In view of the long-continued interest of the committee in this subject, I ask that you let us give you a presentation immediately after these remarks of mine showing how we estimate our personnel requirements and how we manage our personnel problems.

Do you want to make that presentation at this time?

Admiral SCHOEFFEL. Please, sir.

Mr. SHEPPARD. You may proceed with that presentation and use whatever charts you have.

Commander HASLER. The civilian personnel requirements of the stations under the management control of the Bureau of Ordnance are based on four factors: Analysis of workload, work measurement standards, station justifications, and experience.

The total personnel requirements for the Bureau of Ordnance are based on the sum of the requirements for each individual station, and in turn, the requirements for personnel for each individual station are based on the sum of the requirements for each function to be performed, such as research, direct productive effort, maintenance, utilities and transportation, supply and fiscal, and administration.

Mr. SHEPPARD. Does your chart include operations of a past tense, including projected plans for the 1953 budget, or is it addressing itself to the potential of 1953 exclusively?

Commander HASLER. The chart shows what conditions were on January 1, 1952, projected to the 30th of June 1953.

Mr. SHEPPARD. You may proceed with your presentation because it is a very interesting topic in which the committee has evidenced intense interest.

PERSONNEL REQUIREMENTS AT FOREST PARK PLANT

Mr. WIGGLESWORTH. Does this mean that you expect to arrive at 2,300 personnel by the end of 1953?

Commander HASLER. Yes.

Mr. WIGGLESWORTH. As compared with 1,969 as of January 1, 1952?

Commander HASLER. Yes.

Admiral CLEXTON. For Forest Park—just one place.

Mr. SHEPPARD. This has to do with one project only; is that right?

Admiral CLEXTON. Yes.

BASIS FOR MANPOWER REQUIREMENTS

Commander HASLER. In order to show the manner in which the Bureau of Ordnance estimates its manpower requirements and insures effective utilization of manpower within the ordnance establishment, we have on this composite chart depicted a typical station of the ordnance establishment. The United States naval ordnance plant, Forest Park, Ill., is engaged in the production of torpedoes, associated equipment, and certain other items of ordnance. A torpedo is a very complex weapon consisting of thousands of individual parts. There are approximately 3,500 individual engineering drawings for one torpedo.

The naval ordnance plant at Forest Park, like other production activities in the ordnance establishment, has a force of production engineers, planners, and estimators whose job it is to make a detailed analysis of each engineering drawing and each individual part to be produced.

During this process, the methods to be followed in the shop, the tooling, and the sequence of operations are carefully planned, and an estimate of the total number of man-hours required to produce each part is carefully computed.

Mr. WIGGLESWORTH. How do you do that?

Commander HASLER. The work is assigned by the Bureau. I am going to get to that in just a second.

Concurrently, bills of material for each part to be produced are prepared and forwarded to the supply department for procurement of material requiring delivery in accordance with the established production schedules.

Directives from the Bureau of Ordnance for the production of torpedoes contain completion dates for the ordnance plant to meet, so that the Bureau of Ordnance in turn may meet its commitments for delivery of torpedoes to the fleet in accordance with directives from the Chief of Naval Operations.

Attention is invited to that portion of the chart which is colored in brown, and extends from January 1, 1952, at this point, following this irregular line until June 30, 1953.

This brown area here [indicating] is a copy of the workload chart prepared by the naval ordnance plant, Forest Park, Ill., as a result of the engineering analysis previously mentioned. It is based on work assigned by the Bureau of Ordnance prior to January 1, 1952, and represents the total man-hours of direct industrial effort required to accomplish this work.

This chart is kept continuously up to date at the naval ordnance plant, Forest Park, and revised charts are submitted quarterly to the Bureau reflecting changes in workload and schedules as they occur. This permits the Bureau of Ordnance to take continuing corrective action with respect to future workload and personnel plans.

Mr. SHEPPARD. A moment ago you referred to your brown coloration on the chart down to an area on the extreme lower right of the chart. Am I to assume from the fact that the curvature is down that that indicates a lesser volume or lesser workload?

Commander HASLER. That is based on work assigned prior to January 1, 1952.

Mr. SHEPPARD. Proceed.

Commander HASLER. It will be noted that this brown area is divided into a series of individually numbered blocks. Each one of these numbered areas represents a major type torpedo or other assigned program. In other words, area No. 1 as shown in this area [indicating] is the production of rockets. Item No. 2, which is a very small segment of work is the exploder program, a program that is for the production of exploders for various types of torpedoes.

No. 3, which is the largest area, by the way, is the production of mark 34 torpedoes and mark 27–4 torpedoes. No. 4 is the production of mark 21 torpedoes, and No. 5 is the production of mark 35 torpedoes. Nos. 6 and 7 are the spare-parts program, and No. 8, a small area up here [indicating on chart] is a miscellaneous program, for the production of test sets for the mine program.

The area shown in gray up to June 30, 1952, in this block 9 [indicating], is the additional workload that has been assigned to Forest Park by the Bureau. This particular work is torpedo overhaul, manufacture of final inspection gages and production of the mark 32 torpedo.

This portion of the gray area contained in fiscal year 1953 is the workload that the Bureau plans to assign to the naval ordnance plant, Forest Park, in the fiscal year 1953 if the budget which is now under consideration is approved.

The area indicated by No. 10 is the production of mark 27–4, mark 32, and mark 35 torpedoes.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. May I ask a question on this chart? On the left you have a column headed man-hours, and on the right you have a column headed personnel. Take your 300,000 man-hour estimate, for instance. I suppose that is per year, is it not?

Commander HASLER. No, sir; these are man-hours per month. What I am trying to do, sir, is to build up the workload and then justify the number of people we have.

Mr. WIGGLESWORTH. That is a monthly figure?

Commander HASLER. Yes, sir. In other words, this month we have so many man-hours of work.

Mr. WIGGLESWORTH. Well, if you take 300,000 man-hours a month, that is, roughly, 10,000 man-hours a day, is it not? For 2,000 people that would be 5 hours a day each.

Commander HASLER. The number of man-hours is based on 150 man-hours per month per employee.

Mr. WIGGLESWORTH. One hundred and fifty man-hours per month per employee?

Commander HASLER. That is based on a 40-hour week, less annual leave and sick leave.

Mr. WIGGLESWORTH. That is an average of 5 hours a day.

Commander HASLER. On a 30-day period, yes, sir. We have week ends to consider too.

Admiral SCHOEFFEL. May I answer that, Mr. Wigglesworth?

Mr. WIGGLESWORTH. Yes.

Admiral SCHOEFFEL. As Commander Hasler has said that is based on the standard 40-hour week. Although it is true that, in general, there are 30 days per month, there are only, in the average month, about 22 working days.

Mr. SHEPPARD. I think if you will proceed with your chart and relate your personnel to the increase in the workload, and when you indicate your increase in personnel, if you will please use mathematics in referring to it, you will find that the continuity of one with the other will be more expressive.

Commander HASLER. The workload represented by the gray area will undergo a complete engineering analysis of Forest Park.

Attention is invited to the fact that the man-hours covered by both the brown and gray areas are man-hours of direct industrial labor. That is, the man-hours of the men working directly on machine tools or on the assembly line producing or assembling the parts of the torpedoes. This does not include acceptance inspection, production and process engineering, maintenance of machine tools and shop equipment, and supervision; nor does it include the time of employees engaged in such things as moving the tools and raw materials to the workmen at their machines or to their assembly benches. It may be considered arbitrary that this distinction between direct labor and other industrial workers has been made, but compatibility with the accounting procedures under which the Bureau of Ordnance operates necessitates this type of differentiation and is considered very desirable.

NUMBER OF EMPLOYEES

Up to the present time, the discussion has been limited to the estimated man-hours of direct labor required to meet the existing or planned workload. We are now going to talk in terms of individual employees. On the 1st of January 1952 there was a total of 1,969 civilian employees at the naval ordnance plant, Forest Park.

Of this number, 1,026 were working directly on production and assembly and are shown on the chart as direct industrial effort [indicating on chart].

The scale used in computing the number of employees is based on 150 man-hours per employee per month which is a standard 40-hour week less the allowance for annual leave and sick leave.

It is readily apparent that 1,026 direct industrial employees is an insufficient number to accomplish the assigned workload.

This portion of the workload that lies above this line can be accomplished in part by curtailing leave and by resorting to overtime, and in part by extending the completion date of the lowest priority work into fiscal year 1953.

The projection of this direct industrial effort line from 1,026 on January 1, 1952, to 1,166 on June 30, 1952, is a straight line and assumes a uniform increase of direct labor employees.

In like manner the direct industrial effort line from 1,166 on July 1, 1952, to 1,216 on June 30, 1953, is a straight line again assuming a uniform increase in employment.

It will be noted that the requirements for direct industrial workers have been developed directly from the workload chart. It is considered desirable to have workload slightly in excess of workers.

INDUSTRIAL SUPPORT EMPLOYEES

In order to support these direct industrial workers it is necessary to have a number of supporting crafts and trades. We need materials handling personnel to move the materials to the men at the machines and to move the completed assemblies to the test stands and shipping docks. We need inspectors to inspect the completed torpedo and accept it for delivery for proof, test and issue to the fleet. We need production engineers and planners and estimators to lay out and plan the work; and we need supervisors to supervise all aspects of the production operation. On January 1, 1952, there were 537 employees engaged in industrial support, a number which is slightly greater than one-half of those engaged in direct industrial effort.

The Bureau of Ordnance, in estimating the requirements for the end of fiscal year 1952 and for the end of fiscal year 1953, has used a ratio of one industrial support employee for each two direct industrial employees.

Mr. WIGGLESWORTH. This is a case where you work by rule of thumb?

Commander HASLER. No, sir, it has been developed through our work measurements standards.

Mr. WIGGLESWORTH. I know, but it is not with respect to any specific job analysis. You have so many men doing direct industrial labor, and you say we need 50 percent of that number for support; that is the way you arrive at it, is it not?

Commander HASLER. Yes, sir. It is not, however, an arbitrary figure, but it is a calculated figure.

Mr. WIGGLESWORTH. It is a pretty rough rule of thumb, I think. Go ahead.

OTHER TYPES OF EMPLOYEES

Commander HASLER. In addition to the strictly industrial activity at the naval ordnance plant it is necessary for us to maintain the facilities of the plant, to operate the utilities and to provide and maintain transportation.

In order to determine the number of personnel required for maintenance, utilities, and transportation, the Bureau of Ordnance utilizes detailed information obtained through the operation of its work measurement program.

For the common service areas such as these maintenance type functions, supply and fiscal functions, and certain administrative functions, there is a Navy-wide integrated work measurement program under which the Bureau of Ordnance work measurement program functions.

To the maximum extent practicable, a specific work unit has been developed for a large number of subfunctions. For example, maintenance of productive and process shops has a work unit defined in thousands of square feet of floor space.

Maintenance and operation of electrical distribution systems is measured in terms of thousands of feet in the distribution system.

From the work measurement program the performance of each activity is compared not only with its own past performance but also with the performance of other similar activities in the ordnance establishment. In those cases where the performance is below standard or in any way indicates the possibility of inefficient use of manpower, the Bureau of Ordnance directs the commanding officer to take corrective action. Commanding officers are furnished quarterly a summary of the performance of all stations in order that they can initiate corrective action on a continuing basis. In addition, a work measurement review is furnished to each commanding officer high lighting those areas of performance considered by the Bureau to be particularly significant.

TYPE OF PRODUCTION AT FOREST PARK

Mr. SHEPPARD. What did that particular location do in the past fiscal year? In other words, you are referring now to a chart showing your workload estimates and the factors that go into the total functions at Forest Park, Ill. What were actually your production responsibilities at Forest Park in the past year; what did they do?

Commander HASLER. I can quote some figures on that, sir.

Mr. SHEPPARD. Of course, what I am trying to get is that they had certain functions to perform there. Are they dedicated to the construction and assemblage of torpedoes exclusively, or do they do a series of other jobs apart and aside from that?

Commander HASLER. This program shown in area number 1 on the chart is the winding up of a rather large program that they had on the production of rockets, sir.

Mr. SHEPPARD. So, they do two jobs there?

Commander HASLER. Up to this point they did, but the rest of the workload reflected here is the torpedo workload.

Mr. SHEPPARD. When you discontinued the operation as it is reflected on your chart there then what was the production that was required from the Forest Park operation? What did you continue to do?

Commander HASLER. The principal categories of work are represented in this area here [indicating], sir.

The major portion of that work prior to January 1, 1953 is on the production of the mark 34 and the mark 27, modification 4 torpedo.

CURRENT EMPLOYMENT

Mr. SHEPPARD. What was the total number of personnel employed at Forest Park from the date represented at the extreme left on your chart up to and including the extreme right, covering all operations as they are reflected on the chart?

Commander HASLER. As of January 1, 1952, it was actually 1,969 on board. What we expect it to be on June 30, 1953, is 2,300.

Mr. SHEPPARD. So, due to the projected workload they will be assigned that number of personnel?

Commander HASLER. Yes, sir. The projected workload is represented by this area in gray [indicating], which is shown in 1953, which covers the production of the mark 27, modification 4 torpedo. It is the continuance of that program plus 2 new programs which are extremely important, the mark 35 torpedo, and the mark 32 torpedo.

Mr. SHEPPARD. Now, would you tell us whether you are actually fabricating torpedoes complete at Forest Park, or are you fabricating certain portions of them and assembling other portions of them; just what application of labor is literally being done there?

Admiral SCHOEFFEL. There is the final assembly of the torpedoes that Commander Hasler has mentioned. And it includes also the test equipment for those torpedoes.

Mr. SHEPPARD. Is there any other work done there aside from those two steps which you have just given us?

Admiral SCHOEFFEL. Those are the broad steps in the situation, sir.

Mr. SHEPPARD. How many torpedoes cleared through that plant last year, exclusive of your rockets?

Admiral SCHOEFFEL. I will ask Captain Robinson, program director of the Planning and Progress Division to answer that.

Captain ROBINSON. I have a chart, Admiral, that I think will give that information.

I have it available by quarters. The torpedoes that we produced there were the mark 27 modification 4's.

In October, November, and December of the calender year 1951 we produced 193.

In January, February, and March of the calendar year 1952, that is, this current quarter, we expect to produce 150, and we expect to continue that production rate at 150 per quarter.

Of the torpedo mark 34 in the last quarter of the calendar year 1951 we completed 232. We expect to continue production at the rate of 150 per quarter.

Insofar as the torpedo mark 32 is concerned, production started in December 1951 with five units, and for the first quarter of this

calendar year will work up to 70 per quarter, and in the following quarter will work up to 240, and will continue at about that rate.

Admiral SCHOEFFEL. Mr. Sheppard, if you care to see some pictures that illustrate some of these items that we have referred to, we have them here.

Mr. SHEPPARD. I personally have quite a good concept of the operation at this particular place, Admiral.

Have you had an opportunity in the assembly of your mathematics, to say, hypothetically, on torpedo X that it takes so many man-hours from the time you receive the job until you have completed it? Do you have your figures refined to that degree as yet?

Commander HASLER. No, sir, not on these particular types of torpedoes, which are the new types.

Mr. SHEPPARD. Have you had them refined to that degree on the so-called standard torpedoes in the past where you knew how many man-hours were required to complete a torpedo from the time you started operations until it was completed?

Captain ROBINSON. For what I would describe as the conventional torpedo, the steam-driven torpedo that we used almost exclusively in World War II, we have those figures available, yes, sir. I do not have them with me, but they are producible, Mr. Chairman.

Mr. SHEPPARD. Would there be any reason why those figures would be of a confidential character?

Captain ROBINSON. On the conventional torpedoes, no, sir, I would not think that they would be confidential.

(The matter referred to is as follows:)

Analysis of production-cost data indicates the following man-hour requirement of direct labor for principal machining operations and assembly as performed at Forest Park, in the production of two conventional World War II torpedoes:

Torpedo mark 13, 1,900 man-hours
Torpedo mark 14, 2,300 man-hours

Mr. SHEPPARD. Insofar as the new torpedo which you are operating on is concerned, you have not established that on a production line. Do you know to what degree you have assigned man-hours to the production of X torpedo?

Captain ROBINSON. No, sir, I do not think we can give that now for the torpedoes which are under construction.

Mr. SHEPPARD. When you have reached a line of production experience to the degree that you did with the conventional torpedo you will be able to arrive at a per unit cost for its production as far as man-hours pertain?

Captain ROBINSON. Yes, sir.

Mr. SHEPPARD. And you contemplate doing so?

Captain ROBINSON. Yes, sir.

Mr. SHEPPARD. Proceed with your statement, Commander.

INCREASED CIVILIAN PERSONNEL REQUIREMENTS

Commander HASLER. It is from an analysis of work measurement information just described that the Bureau has estimated that it will require an increase of 7 civilian employees for maintenance, utilities, and transportation in 1953, an increase from 160 at the end of June 1952, up to 167 at the end of June 1953.

Mr. WIGGLESWORTH. You would be terribly handicapped if you did not get those seven, would you not?

Commander HASLER. Yes, sir; we would unless we utilized an excessive use of overtime.

Mr. SHEPPARD. Before you leave that—Are those seven men in a highly specialized category?

Commander HASLER. They are procurement personnel, and personnel engaged in the storage and preservation of torpedoes.

Mr. SHEPPARD. Are they considered essential because of their special ability?

Commander HASLER. They are considered essential because of their special ability to locate procurement sources of extremely important items.

Mr. SHEPPARD. All right, go ahead.

Commander HASLER. Likewise in the supply and fiscal functions we have an increase of 14 persons from a total of 207 on June 30, 1952, to 221 on June 30, 1953, and in administrative support we have an increase of 4 from 84 on June 30, 1952, to 88 on June 30, 1953.

Mr. WIGGLESWORTH. This yardstick of yours does not seem to have much absorption in it?

Commander HASLER. The workload has been increasing steadily, sir.

Admiral SCHOEFFEL. If I understand your question, Mr. Wigglesworth, I might say that, we have a decrease in the percentage of the employees in each one of these headings of industrial support, maintenance, utilities, transportation, and so forth, and that in projecting our work through 1953 we are requiring our stations, in general, to utilize a lower percentage in those upper brackets than has been the case in the past. We are trying to squeeze that percentage right along, sir.

Mr. WIGGLESWORTH. I certainly hope you are.

Mr. SHEPPARD. All right, Commander, proceed.

WORK MEASUREMENT PROGRAM

Commander HASLER. The work measurement program provides an adequate danger signal for those areas needing further investigation. However, the Bureau of Ordnance does not wish to leave the impression that this is the only, or even the principal, means used to manage its activities and insure effective personnel utilization. We employ industrial engineers who make frequent inspections of the ordnance establishment, spending sufficient time at each activity to examine their operations and to initiate corrective action. The Division Director of the Naval Ordnance Establishments Division, the branch heads and key officer and civilian personnel of the technical divisions of the Bureau, as well as the Chief of the Bureau and the Deputy Chief, make frequent inspections to insure proper administration and effective utilization of manpower.

Mr. SHEPPARD. Have any of these inspections you have just referred to at any time indicated the necessity for increased personnel, or indicated the necessity for a reduction of personnel?

Admiral SCHOEFFEL. I do not know of any that have indicated the necessity for an increase of personnel, except as they flowed directly

from the workload involved. I do know of numerous occasions where our inspections have indicated that in certain of these categories an installation was planning on too many personnel, and the Bureau has held them down, sir.

Mr. SHEPPARD. Have you had reports from the respective services you have which scrutinize the adaptability of your manpower on a unit application premise, where a reduction could be made, or where the estimate has been too high on personnel? When you get those estimates you adjust your personnel requirements according to the reports, I presume; is that correct?

Admiral SCHOEFFEL. We endeavor to do so; yes, sir.

Mr. SHEPPARD. Otherwise the service would have no value. Proceed, Commander.

Commander HASLER. In addition to the inspections made by the Bureau of Ordnance, there are many inspections conducted by the district commandants and by the Naval Inspector General.

By utilization of the above process, the Bureau of Ordnance firmly believes that it has established effective procedures for determining manpower requirements and for controlling manpower utilization.

I have some other charts here which reflect how the Forest Park presentation is built up into the over-all personnel picture for the Ordnance establishment.

Mr. SHEPPARD. Do you want to inquire into this chart, Mr. Wigglesworth?

Mr. WIGGLESWORTH. I understand that this is based on an 8-hour day, is that right?

Commander HASLER. Yes, sir, on the 40-hour week, an 8-hour day.

Mr. WIGGLESWORTH. On a 40-hour week?

Commander HASLER. Yes, sir.

Mr. WIGGLESWORTH. It is also based on 150 hours per month per man average and applies to your whole Ordnance Bureau production.

If we divide 8 hours a day into the total of 150 man-hours per month it works out about 18¾ days of work per man per month. On the other hand if you take Admiral Schoeffel's figure of 22 days per employee per month, and multiply that by 8 hours a day you get 176 man-hours per month, or about a 16-percent difference from the conclusions on your chart.

Commander HASLER. The 150 man-hours per month per employee does consider the fact that the employees will take both sick and annual leave which are deducted from that figure, based on the standard 40-hour week.

Mr. WIGGLESWORTH. Well, if 176 hours a month were taken you would need 16 percent less personnel than this chart indicates. How do you determine the workload here in your direct-labor concept? You do not have anything to do with that.

Commander HASLER. No, sir; this workload comes direct from the field.

Mr. WIGGLESWORTH. How do they do that: do they do that with some general yardstick or rule of thumb also?

Commander HASLER. They have production engineers, planners, and estimators who know the capabilities of each machine.

Mr. WIGGLESWORTH. The mere fact that you have had X number of people working on 1,000 units does not mean that you do need two

X number of people if you have 2,000 units to work on, unless the one X has been getting efficient results.

Commander HASLER. For standard torpedoes, there are about 3,500 drawings involved. They take each drawing and break it down into tooling and machine requirements and build up the workload from these individual drawings. They have a copy of their workload, and they revise them if their schedule is off, and give us copies quarterly.

Mr. WIGGLESWORTH. How much inspection or supervision do you have on the job in these different plants to make sure that you have the correct number of efficient personnel?

Commander HASLER. You mean the internal supervision of the operation?

Mr. WIGGLESWORTH. I mean in the actual operation. So many times, it seems to me a bureau comes here and indicates that it has so many people working, that it had so many last year, and that we are going to have so many more units this year, and, therefore, we must have a proportionate increase in the number of people. That does not follow at all unless you are getting efficient results, unless the man who is really doing the job is given the opportunity to go ahead and the inefficient man is not used as a basis for urging an increase in the number of personel apparently needed for the job.

Commander HASLER. That is the commanding officer's responsibility.

Mr. WIGGLESWORTH. How much of that supervision is there? We can sit here and talk about workloads, and figure out theoretically the number of personnel you need, but I am trying to ascertain how much actual supervision and control actually goes into this computation.

Admiral SCHOEFFEL. Of course, on the job itself is the supervisor, and over him is his department head, and over him, of course, is the commanding officer, all watching their costs. As Commander Hasler has indicated, the work measurement program provides a comparison of cost very frequently between station and station, and wherever we are able to make a direct comparison of costs we publish those direct comparisons to the various stations. Whenever a station begins to indicate that it is out of line on its cost for a particular job, we get after that station, or get after that commanding officer.

INSPECTION BY INDUSTRIAL SURVEY BOARD

On top of these methods of control there is also inspection by the Industrial Survey Board of the Navy Department, which goes around to the various plants. They have men who have a broad knowledge of industrial processes. They will spend several days at a plant looking over its industrial processes and indicate whether or not those processes are carried out efficiently. They inform us whenever we are not doing a process up to the standard of industrial efficiency, and then we get busy correcting it, sir.

Commander HASLER. The number of supervisors in the total industrial operation at Forest Park is 57. That was the number on board as of December 31, 1952.

Mr. WIGGLESWORTH. I have not seen the reports of the Survey Board.

Admiral SCHOEFFEL. The Industrial Survey Board, sir.

Mr. WIGGLESWORTH. Yes, but just judging by over-all results it would seem that their recommendations have in each a steady in-

crease all along the line in civilian personnel rather than reduction in personnel per unit. Speaking from memory, I think the testimony a year ago indicated that for a period of 12 months the armed services had been taking on one additional civilian per minute throughout the period. There has been a steady and a very substantial growth in the number of civilian personnel. That is why I ask how much real down to earth supervision there is of this aspect of costs.

Admiral SCHOEFFEL. Mr. Wigglesworth, I can give you the broad assurance that the supervision is certainly comparable to that of a well run commercial industry.

Mr. SHEPPARD. Let me ask you this question: You have the 57 supervisors there that you referred to, is not that correct?

Commmander HASLER. Fifty-seven supervisors.

Mr. SHEPPARD. Those 57 supervisors are civilian employees, are they not?

Commander HASLER. Yes, sir.

Mr. SHEPPARD. And there was a time, if my memory serves me correctly, when a supervisor was graded in accordance with the personnel he had under his supervision. Does that apply today in your opinion, or does it not?

Mr. DEWALD. No, sir; it does not apply strictly. Of course, we have to use some judgment. We must have sufficient supervisors to take care of the number of personnel under them, but there is no direct ratio that they need 25 under them, for instance, to be a supervisor.

Mr. SHEPPARD. I only had one point in my mind when I asked that question. When that supervisor is ready for an increase in his salary is he rated upon the premise of the total number of personnel he has under him as a supervisor?

Mr. DEWALD. No, sir, he is not.

Mr. SHEPPARD. No one has anything to gain, other than criticism, if his or her respective department does not produce, if they are not getting the kind of efficiency out of the individual employees that they should be getting. Because there is no incentive to add up or load up with unnecessary personnel. He can gain nothing by it, but he can subject himself to criticism if the project or division over which he has supervision is not producing up to the industrial requirements set by yourself who makes final judgment; is that right or wrong?

Admiral SCHOEFFEL. That is correct, sir.

Mr. SHEPPARD. You have referred to not only the number of supervisors you have, and to the respective departments, but you have referred to a continuity of inspections. I do not want to differ with my colleague at all, but in my opinion if there was any excess I would obviously say that you have an excess of inspections as against the potentiality of having excess personnel. If I had any premise, which I do not have, of being interested more intensively in one concept than the other, I think I would apply it there.

Admiral SCHOEFFEL. Our commanding officers frequently protest to us, sir, about the total number of inspections to which they are subjected.

Mr. SHEPPARD. If you have a commanding officer who is devoting himself to his duties which are being supervised by a number of supervisors as to what is going on on a job over which he has responsibility, then I can see how he would be a little jealous of that time taken out for this purpose.

Admiral SCHOEFFEL. I have a list here of 20 organizations and agencies, other than the Bureau of Ordnance, which actually make regular inspections of ordnance stations. There are many others in addition to these 20 that have the necessary authority but seldom or never make inspections. Would you care to have me read this list?

Mr. SHEPPARD. No, not individually, 27 would seem as though they might be enough.

Mr. WIGGLESWORTH. What do they inspect?

Admiral SCHOEFFEL. The Industrial Survey Division inspects for industrial practices.

Mr. WIGGLESWORTH. In other words, they are all inspecting for different things, ostensibly, are they not?

Admiral SCHOEFFEL. Yes, and they necessarily overlap to a considerable degree.

May I make a minor correction, sir. The number was 20, not 27. I think you mentioned that number, sir.

Mr. SHEPPARD. In making separate inspections there would be obviously different factors developed if another type of inspection was to follow up. I can see if the results of the first inspection were not up to par that X inspector coming in and following up in continuity, if he were a competent person, and certainly if he were an industrial engineer, would get it fast.

Admiral SCHOEFFEL. Yes.

Mr. SHEPPARD. The average good inspector, if he can stand elevated from 15 to 20 feet over a production line, an inspector who knows his business can tell you within 3 percent whether or not the personel are putting out, or whether they are loafing on the job if he is accustomed to seeing this type of people operate.

Admiral SCHOEFFEL. Yes, sir.

Mr. SHEPPARD. It depends mainly on the ability of your inspectors as to how much real results you get from them, and I think undoubtedly and in general the inspections have been thorough and reasonably well conceived, and the suggestions we get through the reporting of the inspectors would, in my opinion, be an indicating factor as to how much value one could derive from the inspections themselves. There would certainly be a certain number of suggestions made—good, bad, or indifferent—because it would be rather difficult to assume that taking 20 inspectors, irrespective of their concepts, that there would not be differences of opinion, because that would be the law of averages.

Admiral SCHOEFFEL. Yes, sir.

Mr. SHEPPARD. So, if one could just by happenstance take a series of reports and go through those reports he would find quite a diffusion of opinion evidenced there.

EMPLOYEE SUGGESTION PROGRAM

Admiral SCHOEFFEL. May I mention one aspect of this work that tends directly toward increasing efficiency on the part of the individual employee? That aspect is the beneficial suggestion program which is, of course, in operation at all of our stations and which is distinctly helpful. By means of that an individual employee is able not only to improve the effectiveness of the operation but to gain a small amount of financial return himself.

Mr. SHEPPARD. Well, when one considers the potentialities involved in that kind of an inducement I think Congress was perhaps conservative when it comes to paying incentive premiums because many times an employee can come up with a suggestion in operations because of his immediate association with production requirements and with the end results, which will save hundreds of thousands of dollars.

Admiral SCHOEFFEL. Some of them do.

Mr. SHEPPARD. And yet I do not know what the total amount is or the most that you can give any one employee who has come up with a valuable suggestion. What is the total amount of money involved?

Mr. DE WALD. I do not know the exact limitation; but it is pretty low. It is a pretty low limitation compared to the potential savings which might be developed. It is predicated, as I recall, upon the first year's savings only, and the percentage factor there is fairly nominal. In the Bureau of Ordnance it is in the neighborhood of about $5,000, and there have been few employees given awards amounting to that much.

Mr. SHEPPARD. I wonder how that figure would compare in comparison in money with the inducement we give to industry to save money. If we put one figure against the other for comparative purposes I think it would be rather intriguing, financially.

Are there any further questions as to this chart?

Take the next one Commander.

STATION EMPLOYMENT

Commander HASLER. Now, this chart, gentlemen, indicates our employment in the Bureau of Ordnance stations. Here (referring to chart) are our industrial-type activities. We have already shown how we build up our requirement for one such station.

This is an integrated picture of all our activities by type. This portion of the chart is ammunition, assembly, and storage activities. It includes our ammunition depots, magazines, and small magazines in ordnance departments at naval stations.

Mr. SHEPPARD. In other words, this chart covers the water front, does it not?

Commander HASLER. There are 25 such activities for ammunition assembly and storage.

Mr. WIGGLESWORTH. These are three consecutive fiscal years?

Commander HASLER. Yes, sir. In other words, the green part is for the fiscal year 1951. These [indicating] are end year positions at the 30th of June 1951.

Mr. WIGGLESWORTH. What is the brown?

Commander HASLER. The brown is the planned figure for the end year, fiscal year 1952.

The grayish color is the planned figure for the end of fiscal year 1953.

Mr. WIGGLESWORTH. What is the division in coloring?

Commander HASLER. This [indicating] indicates the total employment, military, and civilian. The major portion, with this number [indicating] is the number of civilians employed for this type of activity. The small block on top represents the number of military assigned, and the number appearing at the top is the sum of both military and civilian.

For ammunition, assembly, and storage activities as of the end of the fiscal year 1951 there were 23,743 civilian employees. As of the end of the fiscal year 1952 we estimate there will be 27,924 civilian employees. As of the end of the fiscal year 1953 we estimate 29,157 employees.

In industrial manufacturing activities, at the end of the fiscal year 1951 there were 21,190 civilian employes, and at the end of the fiscal year 1952 an estimated 26,089, and at the end of the fiscal year 1953 an estimated 28,254.

In our research and development we have 12 such activities for a total in civilian employees at the end of the fiscal year 1951 of 11,819; at the end of the fiscal year 1952, an estimated 12,359, and at the end of the fiscal year 1953, an estimated 12,085.

In departmental and administrative, within the Washington area, there was a total of 1,301 civilian employees at the end of the fiscal year 1951; 1,396 planned for the end of the fiscal year 1952, and 1,587 planned for the end of the fiscal year 1953.

Our miscellaneous activities, include such activities as inspectors of ordnance, of which we have 16, net depots of which we have 2, degaussing stations, of which we have 9, and some smaller activities such as ordnance disposal units and ordnance service units. At the end of the fiscal year 1951 we had 1,362 civilian employees in these activities. There are planned for the end of the fiscal year 1952, 1,974 employees, and planned for the end of the fiscal year 1953, 1,159.

Admiral SCHOEFFEL. Could I break in here a moment, sir? I have some tables here showing the personnel in 1951 and 1952 and the number planned for 1953 which I can give you for the record, if you wish. This only shows it by stations.

Commander HASLER. It relates specifically to this chart.

Mr. WIGGLESWORTH. So that over-all, as planned, your civilian employees will go from 59,415 in 1951 to 69,742 in 1952, and 72,242 in 1953.

Commander HASLER. Yes, sir.

Mr. WIGGLESWORTH. And when you include the military the corresponding figures are 67,588, 68,936, and 77,866?

Commander HASLER. Yes, sir.

CIVILIAN PERSONNEL, BUREAU OF ORDNANCE

Mr. SHEPPARD. I would like to have your civilian personnel for the entire bill by appropriation and by budget activity or program comparable with the suggested sheet that I am going to give the comptrollers who are here today, the number on board as of June 30, 1951, the same data for December 31, 1951; the estimated number on board as of June 30, 1952, the same data for June 30, 1953, the man-

years for 1953, the personnel costs for 1953, how many are paid from your funds, and funds requested in the 1953 budget.

Then I would like a condensation of that chart made on the same premise that has been made. We have had charts of that character heretofor. You have put them in in a recap.

See that the committee has that, will you please?

Admiral CLEXTON. Yes, sir. Civilian personnel will be furnished in my final statement in many ways for your committee.

(The matter referred to is as follows:)

Bureau of Ordnance, civilian employment by budget activity

ORDNANCE AND FACILITIES, NAVY

Activity	On-board personnel			Fiscal year 1953		
	June 30, 1951	Dec. 31, 1951	June 30, 1952	June 30, 1953	Man-years	Amount
1. Procurement of ordnance and ammunition	12,199	12,852	14,835	22,756	22,040	$79,137,320
Direct new	9,695	2,098	2,331	5,345	5,086	19,701,457
Prior year	2,184	9,905	11,561	16,107	15,727	54,934,000
Reimbursements	320	849	943	1,304	1,227	4,501,863
2. Maintenance of ordnance and ammunition	13,088	17,894	19,882	16,944	16,088	58,809,870
Direct new	11,778	12,084	13,427	11,200	10,900	40,781,570
Prior year	1,310	5,810	6,455	5,744	5,188	18,028,300
3. Maintenance and operation of facilities	13,408	12,866	14,296	12,188	11,167	39,920,000
Direct new	13,408	12,866	14,296	12,188	11,167	39,920,000
4. Improvements and alterations to facilities	1,212	670	745	787	730	2,628,000
Direct new	915	214	238	364	338	1,217,000
Prior year	297	456	507	423	392	1,411,000
5. Naval Reserve	203	155	172	312	289	1,206,060
Direct new	41	23	25	76	70	292,000
Prior year	162	132	147	236	219	914,000
6. Research and development	6,594	8,961	9,957	9,975	9,525	38,916,000
Direct new	3,652	5,084	5,649	7,540	7,265	30,667,000
Prior year	2,942	3,877	4,308	2,435	2,260	8,249,000
7. Industrial mobilization	1,051	705	1,339	394	366	1,511,600
Direct new	265	143	159	236	219	903,505
Prior year	786	562	1,180	158	147	608,095
8. Departmental administration	1,175	1,144	1,271	1,365	1,311	6,674,832
Direct new	1,159	1,128	1,253	1,345	1,292	6,594,832
Reimbursements	16	16	18	20	19	80,000
Grand total	48,930	55,247	62,497	64,721	61,516	228,803,622
Direct new	40,913	33,640	37,378	38,294	36,337	140,077,364
Prior year	7,681	20,742	24,158	25,103	23,933	84,144,395
Reimbursements	336	865	961	1,324	1,246	4,581,863

ORDNANCE FOR NEW CONSTRUCTION

Grand total	2,373	2,980	2,435	1,535	2,034	$7,810,710
Fiscal year 1951 program	142	447	366	338	447	1,718,000
Fiscal year 1950 program	261	685	584	287	381	1,462,310
Fiscal year 1949 program	783	656	475	359	476	1,827,800
Fiscal year 1948 program	1,187	1,192	1,010	551	730	2,802,600

INCREASE AND REPLACEMENT OF NAVAL VESSELS (AAA)

Shipbuilding program	3,243	1,985	1,241	100	500	$1,933,000
Direct new						
Prior year	3,243	1,985	1,241	100	500	1,933,000

ORDNANCE FOR SHIPBUILDING AND CONVERSION

Shipbuilding program		400	955	2,283	1,613	$6,277,100
Direct new		400	955	183	129	502,200
Prior year				2,100	1,484	5,774,900

CONSTRUCTION OF AIRCRAFT AND RELATED PROCUREMENT

Ordnance for new aircraft	2,010	1,949	2,614	3,603	3,320	$12,983,131
Direct new	1,130	680	430	491	452	1,687,131
Prior year	880	1,269	2,184	3,112	2,868	11,296,000

INCREASE IN PERSONNEL

Mr. WIGGLESWORTH. This means you want to increase the personnel force by about 2,500, as far as civilian personnel is concerned, and your over-all force, including the military, by about 3,100.

Commander HASLER. Yes, sir.

PERSONNEL INCREASE AT CRANE, IND.

Mr. WIGGLESWORTH. It looks as if the biggest increase is at Crane, Ind., where you want to go from 4,500 to 4,900 people.

Commander HASLER. That is the major one; yes, sir.

Mr. WIGGLESWORTH. What is the reason for that?

Captain BRINER. The major reasons for the increase in the projected plant employment at the Naval Ammunition Depot, Crane, Ind., are the increase in production of 3-inch-50 ammunition, increase in the amount of loading requested, and the increase in shipments of ammunition to the forward areas. In the first year after Korea, most of the shipments to Korea went out at the west coast. Live items of ammunition have been depleted at those west coast points and we are now replenishing them from shipments from our major storage point, which is NAD, Crane, Ind.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

RECONCILIATION OF PERSONNEL ESTIMATES

Mr. WIGGLESWORTH. I understood that the chart we were looking at this morning showed the civilian and military personnel for the entire Bureau of Ordnance for the fiscal years 1951, 1952, and 1953. I notice

that that chart shows as planned that the civilian personnel for the fiscal year 1953 would be 72,242.

Comparing that with the budget appendix, page 245, I find the departmental personnel contemplated is 1,561 and personnel in the field contemplated at 69,078, or a total of approximately 70,639. Those are total positions.

I think that we should have something in the record to reconcile those two figures.

Admiral SCHOEFFEL. Mr. Wigglesworth, there are two reasons for the difference. One is, this shows the employment in our stations which includes people paid from other appropriations than ours, and as I pointed out yesterday, our money figures must show the people whom we pay whether they are in our stations or not. So we have to talk to two nearly the same, but not identical, situations. One is our management responsibility that is shown on the chart. The other is our budgetary responsibility. That accounts for a part of the difference.

Another part of the difference is accounted for by the fact that our budgetary responsibility figures mentioned are, I believe, those by man-years, whereas this chart is end of year positions. I believe the commander can show you the exact difference in figures.

Mr. WIGGLESWORTH. As I understand it, the figures that I read from the budget are positions figures. They would seem to aggregate about 1,600 positions less than are reflected in your chart, as requested for 1953. Does that mean that there are 1,600 positions that you have management responsibility for that are in fact paid for by some other bureau?

Commander HASLER. The breakdown on that is this, sir: We show, through our annual appropriation, and the other types of appropriations for which we receive money, for the end of 1951—that is June 30, 1951—a total of 56,556 positions. For employment at the Bureau of Ordnance stations that are financed by other than Bureau of Ordnance appropriations, we have 6,132 positions. So the sum of previous figure of 56,556, and this figure of 6,132 comes out to 62,688. However, Bureau of Ordnance employment at other than Bureau of Ordnance stations—and that includes funds that we give to other bureaus to do work for us—amounts to 3,273 positions that we have to deduct from our total fund appropriated, so that gives us our 59,415 positions. It is an accumulation of both the fact that we have personnel employed to do work for other bureaus and the other bureaus likewise have positions that we reimburse them for that accounts for the difference, and the fact that these are end years positions and that means the personnel we expect on board at the end of the fiscal year.

Mr. WIGGLESWORTH. Why does the budget show only 70,639 positions, including both departmental and field for the fiscal year 1953, whereas you show 72,242?

Mr. PEHRSON. I believe that I can answer that. The 70,639, the total in the green sheet, covers our annual appropriation and our three shipbuilding appropriations—ordnance for new construction, ordnance for shipbuilding and conversion, and the IRNV appropriation. It does not include a subhead for aviation ordnance that we administer under the appropriation "Construction of aircraft and related procurement." That is Bureau of Ordnance money but does not show as a Bureau of Ordnance appropriation in the appendix that you are referring to. The positions in that one for 1953 are 3,603.

Mr. WIGGLESWORTH. That is what bureau?

Mr. PEHRSON. That is the Navy appropriation under the title, "Construction of aircraft and related procurement."

The Bureau of Aeronautics and the Bureau of Ordnance participate in the use of those funds.

Mr. WIGGLESWORTH. That is positions?

Mr. PEHRSON. Yes.

Mr. WIGGLESWORTH. If I add 3,603 to 70,639 that would give me 74,242, and your chart shows 72,242.

Mr. PEHRSON. Yes. That is the maximum positions during the fiscal year 1953. However, in two of the appropriations, "Ordnance for new construction," the end-year positions against that appropriation will be reduced from 2,435 to 1,535, a reduction of 900 positions, and in the appropriation "Increase and replacement of naval vessels, armor, armament, and ammunition, the number of positions will be reduced from a maximum of 1,200 to an end-year figure of 100, or a reduction of 1,100, thereby reducing the total by 2,000.

Mr. WIGGLESWORTH. What does that figure on the chart represent? Is not that the end year positions?

Mr. PEHRSON. Yes. We are faced with a situation where on some of our appropriations the number of positions is going up, and in two appropriations the number of positions paid for will be coming down.

Mr. WIGGLESWORTH. As compared with the budget figure?

Mr. PEHRSON. Yes. We show maximum positions in the budget schedule. We do not show end-year positions.

Mr. WIGGLESWORTH. In other words, to bring the figures into accord, you must add 3,603 positions to the budget figure for personnel engaged in the construction of aircraft and related activities outside of your bureau?

Mr. PEHRSON. That is right, sir.

Mr. WIGGLESWORTH. And deduct 2,000 positions that you do not expect to fill that are in the budget totals?

Mr. PEHRSON. That is right, sir.

Commander HASLER. This chart, gentlemen, shows the same total figures, the personnel by military and civilian at the end of the fiscal years 1951, 1952, and 1953.

Mr. SHEPPARD. Just pick up the subject matter that we have not touched yet and which you wish to show for clarifying purposes.

PERSONNEL REQUIREMENTS BY FUNCTIONS

Commander HASLER. This chart [indicating] shows the number of personnel we know will be required in each function and is identical with the functions described in detail for the naval ordnance plant, Forest Park. We did not show any research and development function for Forest Park inasmuch as they were not engaged in that function. We have direct industrial effort, storage and handling of ordnance, industrial support; maintenance, utilities and transportation; supply and fiscal, and administrative support for the field plus departmental.

There are three bars in each group here. The left-hand bar represents positions for the fiscal year 1951, the middle bar for fiscal year 1952, and the right-hand bar for the fiscal year 1953. The number in

the green section represents the number of civilians and the ones appearing at the top are totals for military and civilian. It comes out to the same total that we had on the previous chart. It is just another way of showing where these people are working.

Mr. WIGGLESWORTH. Are those totals the same?

Commander HASLER. Yes.

Mr. WIGGLESWORTH. Not acording to my notes.

Commander HASLER. A total of 67,548 for 1951, 77,866 for 1952, and 80,936 for 1953, and they are the same.

To get a little better picture of this we have made up some percentages which indicate the trends of these various functions.

This bar is for the fiscal year 1951, this one for 1952, and this one for 1953.

The research and development effort between those 3 years varies from 10.88 percent of the total employment for 1951, to 10.10 in 1952, and 10.10 in 1953.

The direct industrial effort is going up from 25.51 in 1951, to 28.26 in 1952, to 29.21 in 1953.

The storage and handling of ordnance is 6.52 percent in 1951, 6.36 in 1952, and 6.58 percent in 1953.

Industrial support is 14.20 percent in 1951, 16.56 percent in 1952, and 16.56 percent in 1953.

Maintenance, utilities, and transportation we indicate are going down progressively, 19.86 percent in 1951, 17.75 percent estimated in 1952, and 17.52 percent in 1953.

Supply and fiscal, 8.57 percent in 1951, 8.07 in 1952, and 7.04 percent in 1953.

Administrative support for the field, 12.10 percent in 1951, 10.53 percent in 1952, and 10.44 percent in 1953.

Departmental, 2.36 percent in 1951, 2.37 percent in 1952, and 2.55 percent in 1953.

Mr. SHEPPARD. What is that 62.45 percent on the extreme right?

Commander HASLER. That is the type of work which is more or less the direct work that we are doing; as opposed to these other areas that are more or less the overhead type of work, and it indicates that we are accomplishing with our total manpower in the ordnance establishment, more productive work and less overhead.

I think that concludes our presentation of how we arrived at our manpower requirements, and the utilization of manpower in the ordnance establishment.

Mr. SHEPPARD. The charts have been very interesting and helpful in an analyzing the distribution of your employment.

Are there any further questions before we go to the justifications?

TRANSFER IN THE ESTIMATES

Mr. WIGGLESWORTH. There appears in our work sheet here, as compared with an appropriation of $1,285,668,000 in 1952 two figures for the year 1953, the first $982,600,000 and the second, which is entitled, "1953 adjusted," $965,921,000.

What is the explanation of that?

Mr. PEHRSON. Are we talking to a difference of $16,679,000?

Mr. WIGGLESWORTH. Yes.

Mr. PEHRSON. That is the proposed transfer to the appropriation "Facilities, Navy," from this annual appropriation.

Mr. WIGGLESWORTH. Why do we make it as a transfer? Why do we not make it direct?

Mr. PEHRSON. The language of our annual appropriation does not permit its use for direct citation.

Mr. WIGGLESWORTH. Are you going to justify the $16,679,000?

Mr. PEHRSON. We are going to justify it. That is why we have it in our justification book. It is included in our estimate.

Mr. WIGGLESWORTH. On a comparable basis the figure is the $965,-921,000, as far as this Bureau is concerned?

Mr. PEHRSON. Our figure, sir, that we are prepared to justify is $982,600,000.

Mr. WIGGLESWORTH. The comparable figure to the $1,285,000,000 that you had this year?

Mr. PEHRSON. No, sir, to the $1,335,668,000. Of that figure $50,-000,000 has been actually transferred. The appropriation, "Facilities, Navy" is a Navy-wide appropriation with no funds available directly appropriated to it. Moneys are made available in that appropriation by specific transfer.

OBLIGATIONS, EXPENDITURES AND BALANCES

Mr. WIGGLESWORTH. Now, Admiral, you gave us your obligations, I think, as of February 29, at $779,722,000. Can you give us an actual expenditure figure for that?

Admiral SCHOEFFEL. Yes. The expenditure is through the 31st of January, sir, and the expenditure against "Ordnance and facilities, 1952," is $100,534,976.

Mr. WIGGLESWORTH. And the Secretary of Defense indicates that you anticipate a carry-over in unexpended funds as of June 30, 1952, of $1,678,466,237 and in June 30, 1953, of $1,222,993,202. Most of that carry-over is in respect to long-lead items, I take it.

Admiral SCHOEFFEL. Yes. We have it broken down by activities, if you wish it.

Mr. WIGGLESWORTH. What percentage of carry-over into fiscal year 1953 is in respect to long-lead items of more than 12 months?

Admiral SCHOEFFEL. I have a figure here of $987,900,000.

Mr. WIGGLESWORTH. For long-lead items?

Admiral SCHOEFFEL. Yes.

Mr. WIGGLESWORTH. Of more than 12 months?

Admiral SCHOEFFEL. Yes.

INVENTORY LEVELS

Mr. WIGGLESWORTH. In your general statement you state:

> This problem, simply stated, is to establish and maintain production schedules that will do the following:
> (*a*) Meet operational requirements.
> (*b*) Minimize accumulation of inventories.
> (*c*) Avoid peaking of production.
> (*d*) Establish a broad base of production potential that will permit rapid expansion of mobilization.

What can you say with regard to the minimizing accumulation of inventories? How much are you going to cut down the accumulation of inventories? Is there any general yardstick that you can give us as to what you are going to have on hand under the general request that you are making?

Admiral SCHOEFFEL. The total requirement for D-day would be very large indeed if we were to carry it in the form of an inventory alone. What we are trying to do is to be in a position where we will have a broad enough base so that by utilizing that base we can build up our rate of production after D-day in order to meet our requirements.

I have here a booklet which shows how this applies to a number of different items. I regret that I cannot introduce it into the record because it is secret, but may I show it to you off the record, sir.

Mr. WIGGLESWORTH. Can you put anything on the record in general terms as to the percentage of inventories that you have been carrying and that you plan to carry under this request?

Admiral SCHOEFFEL. I regret, sir, it is not feasible to make any broad over-all statement as to the percentage of inventory, since it varies so much from item to item. There are numerous items of which we have an adequate inventory at this time for which we are not asking any money. There are other items that we are trying to build up, and the percentage of the inventory that we are building depends, for each item, upon the number of plants that can do the building for us and upon the length of lead time for each particular item, so I regret that I am unable to give you an across-the-board figure.

Mr. WIGGLESWORTH. Can you say in terms of a month's consumption what is regarded as an adequate inventory?

Admiral SCHOEFFEL. We have been directed by the Chief of Naval Operations to get enough material to be able to carry us through D-day plus 3. In some cases we are not achieving that. The best thing that we are able to achieve is the maintenance of a productive base.

Mr. WIGGLESWORTH. Under this request you will not have more than a D-day plus 3 inventory on hand in any category?

Admiral SCHOEFFEL. In many of the categories in which we are asking for funds in the year 1953. In some of the older categories in which we are not asking for funds we will have more than that, sir.

SLIPPAGE IN "PROCUREMENT OF ORDNANCE AND AMMUNITION"

Mr. WIGGLESWORTH. I assume when you were here last you had in mind a delivery schedule, an over-all dollar delivery schedule, month by month, as a target, so to speak?

Admiral SCHOEFFEL. We have a great number of delivery schedules. We have never had it expressed as an over-all figure in dollars, month by month.

Mr. WIGGLESWORTH. I wonder if we could get either on or off the record, preferably month by month, what the target was with respect to the fiscal year 1952 and what you have actually realized in terms of delivery to date in that fiscal year and what you anticipate realizing in the balance of the fiscal year. Would it be a difficult matter to make up an over-all table for each of the 12 months of the fiscal year 1952 on that basis? Perhaps you could do it by quarters for the fiscal 1953.

Admiral SCHOEFFEL. We ought to be able to get something for you.

Mr. WIGGLESWORTH. Give us the best that you can along that line in tabular form.

Admiral SCHOEFFEL. Yes.

(The material referred to is as follows:)

Planned production of ordnance and ammunition (funds available to Bureau of Ordnance under activity 1, "Procurement of ordnance and ammunition" of appropriation, "Ordnance and facilities, Navy") (plans reported in terms of expenditures)

[In thousands of dollars]

FISCAL YEAR 1952, ORIGINAL PLANNED PRODUCTION [1]

Appropriation account	July	August	September	October	November	December	January	February	March	April	May	June	Total
Activity 1:													
Ordnance and facilities, Navy, 1951	15,000	10,000	15,000	25,000	45,000	55,000	55,000	65,000	65,000	65,000	65,000	70,000	550,000
Ordnance and facilities, Navy, 1952	800	900	2,300	6,500	8,000	10,500	9,000	10,000	11,000	12,000	20,000	29,000	120,000
Total	15,800	10,900	17,300	31,500	53,000	65,500	64,000	75,000	76,000	77,000	85,000	99,000	670,000
Cumulative	15,800	26,700	44,000	75,500	128,500	194,000	258,000	333,000	409,000	486,000	571,000	670,000	670,000

FISCAL YEAR 1952, ACTUAL AND REVISED ESTIMATED PRODUCTION [2]

	Actual							Estimate					
Activity 1:													
Ordnance and facilities, Navy, 1951	16,067	13,841	11,172	22,619	23,529	26,435	29,403	36,000	56,000	66,000	76,000	84,916	461,992
Ordnance and facilities, Navy, 1952	752	1,255	887	2,917	3,141	3,182	4,181	1,500	7,200	17,200	21,200	29,285	95,700
Total	16,819	15,096	12,059	25,536	26,680	29,617	33,584	37,500	63,200	83,200	100,200	114,201	557,692
Cumulative	16,819	31,915	43,974	69,510	96,190	125,807	159,391	196,891	260,091	343,291	443,491	557,692	557,692

FISCAL YEAR 1953 ESTIMATED PRODUCTION

	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Activity 1:					
Ordnance and facilities, Navy, 1951	135,000	135,000	125,000	112,526	507,526
Ordnance and facilities, Navy, 1952	70,000	75,000	75,000	78,000	298,000
Ordnance and facilities, Navy, 1953	2,000	3,800	20,000	40,600	66,400
Total	207,000	213,800	220,000	231,126	871,926

[1] Planned deliveries represent original production schedules developed in connection with the original 1952 budget.

[2] Fiscal year 1952 actual and revised estimated production reflect adjustment of schedules to meet new production objectives: (*a*) Minimize accumulation of inventories; (*b*) avoid peaking of production; (*c*) establish a broad base of production potential that will permit rapid expansion if mobilization comes. The fiscal year 1953 budget estimates are based on these adjusted schedules including the actual deliveries through October 1951.

ORDNANCE FOR SHIPBUILDING AND CONVERSION, NAVY

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate		$431,390,000	$102,890,000
Prior year balance available			95,000,000
Reimbursements from other accounts			13,000,000
Total available for obligation		431,390,000	210,890,000
Balance available in subsequent years		−95,000,000	−58,890,000
Obligations incurred		336,390,000	152,000,000

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
Direct Obligations			
1. Fiscal year 1952 program		$336,390,000	$54,000,000
2. Fiscal year 1953 program			85,000,000
Total direct obligations		336,390,000	139,000,000
Obligations Payable Out of Reimbursements From Other Accounts			
1. Fiscal year 1952 program			13,000,000
Obligations incurred		336,390,000	152,000,000

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Total number of permanent positions		955	2,283
Average number of all employees		441	1,613
Deduct number paid from project order funds		414	1,475
Average number of employees paid from 01 Personal services		27	138
Average salaries and grades:			
General schedule grades:			
Average salary		$5,514	$4,555
Average grade		GS-8.9	GS-6.6
Ungraded positions: Average salary		$3,500	$3,500
Direct Obligations			
01 Personal services:			
Permanent positions		$1,597,900	$5,791,200
Regular pay in excess of 52-week base		13,150	31,400
Payment above basic rates		129,550	454,500
Total personal services		1,740,600	6,277,100
Deduct amounts financed from project orders charged to object classes 08 and 09		1,585,600	5,633,600
Net personal services		155,000	643,500
02 Travel		65,000	80,000
03 Transportation of things		650,000	1,176,000
07 Other contractual services		1,800,000	768,000
08 Supplies and materials		3,500,000	1,044,000
09 Equipment		330,020,000	135,286,000
15 Taxes and assessments		200,000	2,500
Total direct obligations		336,390,000	139,000,000
Obligations Payable Out of Reimbursements From Other Accounts			
09 Equipment			13,000,000
Obligations incurred		336,390,000	152,000,000

Mr. SHEPPARD. We will insert in the record at this point pages 16–2, 16–7, 16–10 and 16–11.

(The pages referred to are as follows:)

APPROPRIATION INTRODUCTION

The Bureau of Ordnance is responsible for providing ordnance for naval ships. The appropriation "Ordnance for shipbuilding and conversion" was established in fiscal year 1952 for the purpose of financing the production and procurement of armor and armament for ships to be constructed, converted or acquired in fiscal year 1952 and subsequent years. Funds requested in this appropriation are required to finance the 1953 program.

(a) Statement of obligational authority

	Approved program totals	Revised program totals	1953 estimate
1952 program	$431,390,000	$431,390,000	
1953 program		115,890,000	$115,890,000
Total obligational authority	431,390,000	547,280,000	115,890,000
Deduct: Reimbursements from MDAP		13,000,000	13,000,000
Total appropriation request	431,390,000	534,280,000	102,890,000

(b) Cash statement

	1951	1952	1953
Unexpended cash, beginning of year			$397,790,000
Add: Appropriation or estimate for year		$431,390,000	102,890,000
Reimbursements from MDAP			13,000,000
Total available for expenditure		431,390,000	513,680,000
Deduct: Expenditures during year		33,600,000	111,000,000
Unexpended cash, end of year		397,790,000	402,680,000

(c) Summary of obligations by activity

	1951	1952	1953
1. Fiscal year 1952 program net		$336,390,000	$54,000,000
2. Fiscal year 1953 program net			85,000,000
Total		336,390,000	139,000,000

PURPOSE AND SCOPE OF WORK

The appropriation "Ordnance for Shipbuilding and Conversion, Navy" provides ordnance for vessels included under naval shipbuilding and conversion programs, approved in fiscal year 1952 and subsequent years.

The production and procurement of ordnance material and equipment, exclusive of ammunition, for 672 vessels to be constructed and 220 vessels to be converted under the 1952 and 1953 shipbuilding programs, will involve a total cost of $547,280,000. The 1952 program has been financed fully in the amount of $431,390,000. It is estimated that the sum of $13,000,000 will be realized from the sale of ordnance installed on ships transferred under the mutual defense assistance program and will be available under authority herein requested to finance part of the 1953 program. An additional appropriation totaling $102,890,000 is requested herein to cover the balance of the proposed 1953 program.

Net obligations are estimated at $336,890,000 and expenditures at $33,600,000 in fiscal year 1952. In fiscal year 1953 obligations are estimated at $54,000,000

against the 1952 program and $85,000,000 against the 1953 program. The estimate for fiscal year 1953 expenditures is $90,000,000 against the 1952 program and $21,000,000 against the 1953 program.

Table I lists the total estimated cost, projected by ensuing fiscal years, of ordnance requirements under this appropriation.

Table II presents a summary of major ordnance requirements by vessel type. Tables 3 and 4 set forth the estimated cost and expenditures by vessel type and by fiscal years for the 1953 and 1952 programs, respectively. (See confidential supplement.)

Summary of actual and estimated expenditures by fiscal years

	Total estimated cost	Estimated expenditures					
		1952	1953	1954	1955	1956	1957
1952 program	$431,390,000	$33,600,000	$90,000,000	$178,000,000	$81,890,000	$41,360,000	$6,540,000
1953 program	115,890,000		21,000,000	20,000,000	39,110,000	25,000,000	10,780,000
Grand total all programs	547,280,000	33,600,000	111,000,000	198,000,000	121,000,000	66,360,000	17,320,000
Deduct: MDAP reimbursement applied to 1953 program	13,000,000		13,000,000				
Grand total	534,280,000	33,600,000	98,000,000	198,000,000	121,000,000	66,360,000	17,320,000

STATUS OF OBLIGATION

The obligated and committed amounts under the appropriation "Ordnance for Shipbuilding and Conversion, Navy" as of December 31, 1951, is $246,737,336. This represents 57.2 percent of the funds appropriated for this appropriation for the fiscal year 1952. Unobligated balances in this appropriation at the end of fiscal year 1952 will be required to complete approved programs funded in this continuing appropriation. Procurement of ordnance material is scheduled to meet ship conversion and construction and complete obligation of funds in the first year of availability is neither required nor desired.

Status of funds available for expenditure as of Dec. 31, 1951

1952 program:	
Appropriated funds	$431, 390, 000
Net expenditures July 1, 1951, through Dec. 31, 1951 [1]	221, 350
Unexpended balance Dec. 31, 1951	431, 168, 650

[1] Does not reflect transactions against amounts in working funds of other agencies.

Mr. SHEPPARD. With regard to the data reflected on page 16–7, you give us a program breakdown of your finances on your 1952 and contemplated 1953 program and a statement of obligational authority, cash statement, and summary of obligations by activities; is that correct?

Admiral SCHOEFFEL. Yes. We give those figures on page 16–7.

Mr. SHEPPARD. In other words, that is a general recapitulation?

Admiral SCHOEFFEL. That is a general recapitulation of the appropriation, "Ordnance for Shipbuilding and Conversion, Navy."

Mr. SHEPPARD. Now, with respect to the last two paragraphs reflected on page 16–10 of your justifications, I note that you state:

Table I lists the total estimated cost, projected by ensuing fiscal years, of ordnance requirements under this appropriation.

Table II presents a summary of major ordnance requirements by vessel type. Tables 3 and 4 set forth the estimated cost and expenditures by vessel type and by fiscal years for the 1953 and 1952 programs, respectively (see confidential supplement).

Are you prepared at this time to supply us with the confidential supplement?

Admiral SCHOEFFEL. Yes.

Mr. SHEPPARD. Very well. Now, your entire program, as I understand it, is projected upon the amount of shipping that you are called upon to service in the particular category in which you function, which is ordnance; is that correct?

Admiral SCHOEFFEL. Yes.

NUMBER OF VESSELS IN SHIPBUILDING PROGRAM

Mr. SHEPPARD. Our previous testimony is to the effect that there is a total of ships and craft of 564. Is that figure correct?

Admiral CLEXTON. That is the correct number of ships and craft in the shipbuilding program for 1953. There are 70 ships for construction, 10 for conversion, and the remainder are boats and craft numbering 484 for a total in all categories of 564.

Mr. SHEPPARD. Which makes a total over-all of 564?

Admiral CLEXTON. That is correct.

Mr. SHEPPARD. What I am trying to do is to reconcile the total work load as evidenced in ships for which ordnance has to be provided against that which these gentlemen have to supply, and the amount may differ. I am trying to find out now if it does.

Admiral CLEXTON. The appropriations in the Bureau of Ordnance are Ordnance for shipbuilding and conversion, which covers the ordnance for the 1953 shipbuilding program; the "Ordnance for new construction," which are the programs from 1948 to 1951; the "Increase and replacements of naval vessels" (armament armor and ammunition), which is the old World War II program; and the appropriation "Ordnance and facilities," which covers maintenance, operation, procurement of ordnance, and equipment for the Active Fleet, the Reserve Fleet, and the Naval Reserve vessels.

Mr. SHEPPARD. In other words, the appropriation request covers all of those categories that you have referred to?

Admiral CLEXTON. Yes.

Mr. SHEPPARD. Both those of the present and those of the past and we are still paying for them?

Admiral CLEXTON. That is right.

1953 FUND REQUIREMENTS

Mr. SHEPPARD. I see that your total request on page 16–17 is $102,980,000. Is that correct?

Admiral SCHOEFFEL. Yes.

Mr. SHEPPARD. It is made up of a new construction program that is reflected on page C–1 of the confidential report. Is that where your supporting data are to be found?

Admiral SCHOEFFEL. Pages C–1 through C–3, sir.

Mr. SHEPPARD. Now, in going into the examination of the requirements that are reflected here in these 3 pages of justifications, this is extended to us in a confidential capacity and is not for the record; is that correct?

Admiral SCHOEFFEL. That is correct, sir.

Mr. SHEPPARD. Very well; the questions we will put on the record and the answers we will leave off the record.

(Discussion off the record.)

FUNDS FOR NEW CONSTRUCTION AND CONVERSION

Mr. SHEPPARD. For the purpose of clarifying the record, I find that your total estimate under the new construction proposal is $97,864,000; is that correct?

Admiral SCHOEFFEL. Yes, sir.

Mr. SHEPPARD. I find following that in your conversion program there is a total of $18,026,000.

Admiral SCHOEFFEL. Correct, sir.

Mr. SHEPPARD. Or a total for those two programs of $115,890,000.

Admiral SCHOEFFEL. Correct, sir.

Mr. SHEPPARD. Deducting the MDAP reimbursement of $13 million, it leaves you a grand total of $102,890,000.

Admiral SCHOEFFEL. That is correct, sir.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. In the first instance, with relation to your total cost on new construction, that results from the necessary expenditure to cover ordnance for 554 new ships.

Admiral SCHOEFFEL. Correct, sir.

Mr. SHEPPARD. It also covers the ordnance conversion cost of 10 ships.

Admiral SCHOEFFEL. Correct, sir.

Mr. SHEPPARD. Making a total of 564 ships as such.

Admiral SCHOEFFEL. Yes, sir.

Mr. SHEPPARD. While your justifications very clearly set forth the number of ships, total cost, guns, underwater weapons, et cetera, fire control, filling out of miscellaneous ordnance, department administration, et cetera, it has to do with the general requirements per ship, as it were, and somewhat in accordance with the amount of testimony that we have had heretofore from the Bureau of Ships, in which they were justifying the expenditures for conversion and new construction, and the related forces which are involved here are specified insofar as ordnance itself applies to those ships.

Admiral SCHOEFFEL. Yes, sir.

Mr. SHEPPARD. The rest of the discussion will be off the record until we have responses from the inquiries of the members.

(Discussion off the record.)

Mr. SHEPPARD. Are there any further questions on the subject?

Mr. FERNANDEZ. As I understand this, this is sort of a one-package program on which you are obtaining appropriations, if granted as requested, for both years, of a total of $547,280,000, from which you will have expended or expect to expend for both years a total of $144,600,000, leaving a balance of unexpended cash of $402,680,000? Am I correct about that?

Admiral SCHOEFFEL. I am trying to find the figures you quoted, Mr. Fernandez.

Mr. FERNANDEZ. You will not check them on that chart you have there, because I have made my own calculations to arrive at the totals I gave. In other words, you had appropriations in 1952 of $431,390,000.

Admiral SCHOEFFEL. Yes, sir.

Mr. FERNANDEZ. You are requesting this year appropriations of $115,890,000.

Admiral SCHOEFFEL. Not quite, sir; that is the cost of the program for the year 1953, but there will be a reimbursement of $13,000,000, so that what we are requesting be appropriated this year is $102,890,000.

Mr. FERNANDEZ. Very well; then that $102,890,000, plus the reimbursements, plus what you had appropriated for 1952, makes a grand total of $547,280,000.

Admiral SCHOEFFEL. Yes, sir.

Mr. FERNANDEZ. And you expended last year, or will have expended at the end of the year $33,600,000, and you expect to expend for 1953, $111,000,000.

Admiral SCHOEFFEL. That is correct.

Mr. FERNANDEZ. That makes a total of $144,600,000.

Admiral SCHOEFFEL. Yes, sir.

Mr. FERNANDEZ. That is the total expenditure for both years.

Admiral SCHOEFFEL. Yes, sir.

Mr. FERNANDEZ. So that as against the total appropriations for both years of $547,280,000 you will only have expended a very small amount?

Admiral SCHOEFFEL. That is correct.

Mr. FERNANDEZ. And the balance is to be expended as I said in future years.

Admiral SCHOEFFEL. That is right.

NAVY-WIDE EXPENDITURES AND BALANCES

Mr. FERNANDEZ. Now, is it possible, Mr. Chairman, or would it be practicable, because we have many of these throughout this Navy appropriation program, would it be practicable or possible to determine how much of these appropriations that we are making this year will not be expended in 1953? I have an idea that it runs into the billions of dollars.

Mr. SHEPPARD. Mr. Comptroller, can you answer that question?

Mr. FERNANDEZ. Off the record.

(Discussion off the record.)

Admiral CLEXTON. We will have a balance carried forward in the Navy into 1953 of $15,700,000,000, and we will then, if we receive the appropriations requested, have available for expenditure for 1953 $28.9 billion.

Out of this we expect to expend $13.6 billion which will leave us a carry-over into 1954 of $15,300,000,000.

These figures were all placed on the record in the early hearings before the full subcommittee.

Mr. FERNANDEZ. I see, and by a process of subtraction and addition you can arrive from all those figures in the record at the total amount which will not be expended of the appropriations being made this present year?

Admiral CLEXTON. I believe that Mr. Wigglesworth has developed at the beginning of each appropriation hearing the information that you are looking for in that respect. Mr. Wigglesworth took the Secretary of Defense's estimates of expenditures and pointed out the amount that would be carried over into the fiscal year 1953, and the amount that would be carried over into 1954 for each appropriation.

Mr. FERNANDEZ. So that when this total appropriation is made this year we will be able to tell from the record how much, approximately, will not be expended in 1953?

Admiral CLEXTON. You will have an estimate of that; yes, sir.

Mr. FERNANDEZ. I am sorry I was not here this morning, or I would not have to ask this question. I have been ill. What is the difference between this program No. 16 and the appropriation under No. 15? I have been trying to discover it for myself, but I have not been able to do so.

Admiral SCHOEFFEL. Program No. 15 is the older program called "Ordnance for new construction."

It was the older appropriation for essentially the same purposes as this newer appropriation "Ordnance for shipbuilding and conversion."

The "Ordnance for new construction" appropriation began in the year 1948, and was superseded by the appropriation "Ordnance for shipbuilding and conversion" in the year 1952.

Mr. FERNANDEZ. So that, except for the fact that No. 15 carries in it ammunition and the one in 16 does not, they are essentially the same?

Admiral SCHOEFFEL. They are essentially the same except for one other point of difference. Beginning in the year 1951 the appropriation "Ordnance for new construction" carried the full amount of cash for the obligation to be incurred. In the earlier years it was financed on a pay-as-you-go basis. That is, there was an authorization for a certain amount of money with the expectation that we would come up here each year and ask for the amount of money necessary to pay the bills on what we estimated was due in the ensuing year. We are still in that position in regard to those 3 years of this program No. 15, "Ordnance for new construction" appropriation.

Admiral CLEXTON. May I say a little more on that matter before we proceed in order not to leave a wrong impression?

Mr. SHEPPARD. Yes.

Admiral CLEXTON. The annual appropriations in the Navy and all other departments of the Government are available for obligation in the first year, and then for two years subsequent they are available for expenditure. So, necessarily, the obligations are made the first year, and then in many cases the expenditures do not accur until the second and third years.

In the appropriations that are called continuing or no year appropriations the money is appropriated to cover the entire program, and as the funds are available until expended. In many cases it continues available for 4 or 5 years.

Mr. FERNANDEZ. I appreciate that.

Admiral CLEXTON. But you must have the funds appropriated in order to make a contract.

Mr. FERNANDEZ. I appreciate that, but, nevertheless, we are not actually expending as much money as the records of appropriations would appear to show. So that we are not exceeding income except on the books. We are not actually creating a deficit or not as large a deficit in actual expenditures during the year.

Admiral CLEXTON. I might add that our expenditures are estimated.

Each bureau informs the Comptroller of the Navy its estimate of expenditures for that year and for 18 months in advance.

Every month the Comptroller's office sends to the Treasury Department its estimate of expenditures for all Navy appropriations for 18 months in advance, and it is kept up to date each month.

The Treasury in getting that type of information from all departments of the Government knows how much cash money it must obtain from banks or the people in order to pay its bills.

So that we find in the Navy that we are acutally expending in the Navy this year more money than we are requesting in an appropriation, but the two previous years we had larger amounts and those are now being expended in the fiscal year 1953.

Mr. FERNANDEZ. Referring to that $402,000,000 that you will have at the end of the fiscal year 1953 in this program now before us, a large proportion of that will have been actually obligated by contract?

Admiral CLEXTON. It will probably all be obligated. The Bureau of Ordnance will probably obligate its funds for this appropriation "Ordnance for shipbuilding and conversion" in the year 1953, but they may not be expended for 2 years after that.

Mr. FERNANDEZ. Off the record.

(Discussion off the record.)

Admiral CLEXTON. Contract authority does not end up in a saving to the Government, but actually complicates the accounting and costs more money.

Mr. FERNANDEZ. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Mr. Wigglesworth.

Mr. WIGGLESWORTH. Following Mr. Fernandez' thought here I understand that for this item there was an estimated carry-over on June 30, 1952, of unexpended cash of $397.7 million, and that the estimated carry-over on June 30, 1953, will be $402.6 million.

I also understand that the obligations for this item as of the end of the first 6 months of the year were $246,665,027.

REIMBURSABLE OBLIGATIONAL AUTHORITY LIMITATION

I am not clear what is meant by the language in the bill which states:

> That the total of obligations occurred under this head including those incurred against reimbursements credited to this appropriation pursuant to section 403 (b) of the Mutual Defense Assistance Act of 1949, as amended, shall not exceed $547,280,000.

What does that mean? As far as the 1952 appropriations are concerned, you have obligated all except $184,724,000, and you are asking for $102,890,000 more here. What does it mean by saying that you can incur obligations under this heading up to $547,280,000?

Mr. PEHRSON. Mr. Wigglesworth, it is necessary that we have authority to obligate our reimbursements. The difference there is that $13,000,000.

Mr. WIGGLESWORTH. It is much more than that, is it not?

Mr. PEHRSON. Under this appropriation they continue to place a limitation on our authority to obligate.

Last year it was $431,390,000. We are asking authority to obligate for the cost of the additional program.

Mr. WIGGLESWORTH. You mean that you are asking for new obligational authority up to $547,280,000?

Mr. PEHRSON. No, sir; we are asking that the authority in this continuing appropriation be increased from $431,390,000 to $547,280,000.

Mr. WIGGLESWORTH. Has not that $431,000,000 been obligated before?

Mr. PEHRSON. No, sir; it has not been obligated in the total amount.

Mr. WIGGLESWORTH. When was it given to you?

Mr. PEHRSON. It was given to us last year.

Mr. WIGGLESWORTH. How much?

Mr. PEHRSON. $431,390,000.

That was the cost of the Ordnance part of the 1952 Navy shipbuilding program.

Mr. WIGGLESWORTH. You were given $431,390,000?

Mr. PEHRSON. Yes, sir.

Mr. WIGGLESWORTH. And against that, according to this which you head, "Department of the Navy, status of funds available," as of December 31, 1951, you had obligated $246,665,027, leaving a balance available for obligation of $184,724,973.

Mr. PEHRSON. Yes, sir.

Mr. WIGGLESWORTH. Now, if you add that figure to the new obligational authority you are requesting here you would only get about $287,000,000 all told. Where does the rest come from?

Mr. PEHRSON. The language limits the obligations under appropriation to the total amounts appropriated.

We have not obligated, and do not intend to obligate in 1952 all of the appropriation in 1952 of $431,390,000.

Mr. WIGGLESWORTH. But you have already obligated, according to this statement, all except $184,000,000.

Mr. PEHRSON. Yes, sir; that is correct.

Our additional obligations during the balance of this year are estimated to bring the obligations up to $336,390,000. We will carry over into 1953 obligational authority totaling $95,000,000 to be used for the Ordnance required for the 1952 shipbuilding program.

Mr. WIGGLESWORTH. I may not understand the situation, but I judge from this that as of December 31 you only had $184,000,000 left to obligate.

Mr. PEHRSON. That is correct.

Mr. WIGGLESWORTH. You are asking for $102,000,000 more?

Mr. PEHRSON. Yes, sir.

Mr. WIGGLESWORTH. So that if this request is granted you would have, as of the beginning of the fiscal year 1953, $287,000,000, roughly, less what you obligate between December 31 last, and the end of the fiscal year 1952?

Admiral SCHOEFFEL. That is correct.

Mr. WIGGLESWORTH. From where does the figure of $547,280,000 come?

Admiral SCHOEFFEL. Well, sir, that is the sum of the $431,390,000 authorized last year, plus the $102,890,000 asked for in 1953, plus $13,000,000 MDAP. So, adding all of those together you get $547,280,000, and that would be the limitation on the totality of obligation authority under this appropriation, irrespective of whether it had already been obligated or is to be obligated in the future.

Mr. WIGGLESWORTH. So that what we are saying is that you shall not obligate more than the obligational authority that is given to you in respect to the fiscal year 1952 plus the fiscal year 1953?

Admiral SCHOEFFEL. Yes, sir.

Mr. PEHRSON. Plus $13,000,000.

Mr. WIGGLESWORTH. That is in here, is it not?

Admiral SCHOEFFEL. Yes, sir. That $13,000,000, since that is to be a reimbursement is not asked for as an appropriation, but unless we get authority to obligate it, why, we would not have it, and it would revert to the Treasury, and so our program would be $13,000,000 shy.

Admiral CLEXTON. The Bureau of the Budget has tied these shipbuilding programs into groups. The programs for 1948, 1949, 1950, and 1951 were tied into one appropriation, and they add up the appropriations for each one of those years to the limitation or total. Our program for 1952 with its appropriation, and 1953 with its appropriation plus the authority to use $13,000,000 in the reimbursements add up to the limitation.

For next year they may add the 1954 program to this same appropriation. We do not know at this time.

Mr. WIGGLESWORTH. This over-all figure is not in any sense of the word applicable only to the fiscal year 1953. It is applicable to all funds that have been made available under this heading over a period of two or more years.

Admiral CLEXTON. 1952 and 1953.

Admiral SCHOEFFEL. Two years.

Mr. WIGGLESWORTH. For 2 years?

Admiral CLEXTON. Yes, sir.

Admiral SOLOMON. Off the record.

(Discussion off the record.)

NUMBER OF SHIPS IN PROGRAM

Mr. WIGGLESWORTH. Now, how many ships was the appropriation for this year, $431,390,000, applicable to?

Captain SPECHT. Three hundred and twenty-eight ships, of which one hundred and eighteen were new construction and two hundred and ten were conversions.

Mr. WIGGLESWORTH. Three hundred and twenty-eight?

Captain SPECHT. Yes, sir. Those are listed in the sheets which you have, sir.

Mr. WIGGLESWORTH. What about the unit costs of all this ordnance, Admiral? Are there any signs of them coming down?

Admiral SCHOEFFEL. In some places, yes, sir. I can be specific if you wish me to.

Mr. WIGGLESWORTH. First models, like the models for anything else, cost more?

Admiral SCHOEFFEL. Yes, sir; and in some places we are beginning to get some indications of the effects of quantity production.

Mr. WIGGLESWORTH. Where are these items made; for the most part by private industry?

Admiral SCHOEFFEL. The greatest part of our production is with private industry, yes, sir.

BASIS FOR UNIT PRICES

Mr. WIGGLESWORTH. To what extent are these unit prices determined on a competitive basis?

Captain WALES. In all of our procurement from industry we endeavor to use competition to the maximum extent that it is available. However, in the case of some of our large items, such as the 5-inch 54 gun mount which you were shown pictures of recently it is impossible to get competition. We have to go to someone who we know can make that type of complicated piece of ordnance for us. To the extent that we have something complicated like that it is impracticable, if not impossible to get competition and still get the job done.

However, going down to the more simple items of ordnance we have more and more competitive contracts in the procurement of them.

DISCREPANCIES IN EXPENDITURE ESTIMATES—NAVY AND THE BUDGET

Mr. FERNANDEZ. On sheet 16–7 of the justifications you show expenditures appearing as $111,000,000.

Now, on page 181 of the bill you show total expenditures for 1953 estimated, $88,000,000. Can you tell us what the difference is there? There seems to be quite a discrepancy.

Admiral CLEXTON. The difference is that the Navy made an estimate of its expenditures, and so did the Secretary of Defense, and the estimate of expenditures of the Secretary of Defense did not agree with the estimate of expenditures of the budget.

Mr. FERNANDEZ. Ordinarily those two figures should be the same?

Admiral CLEXTON. Off the record.

(Discussion off the record.)

ORDINANCE FOR NEW CONSTRUCTION, NAVY

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate	$105,800,000	$52,445,000	$47,000,000
Applied to contract authorization	−30,000,000	−52,445,000	−47,000,000
Prior year balance available:			
Appropriation		29,771,776	10,062,234
Contract authorization	153,976,535	89,599,672	46,309,214
Reimbursements from other accounts	9,973		
Total available for obligation	229,786,508	119,371,448	56,371,448
Balance available in subsequent year:			
Appropriation	−29,771,776	−10,062,234	−1,796,234
Contract authorization	−89,599,672	−46,309,214	−24,575,214
Rescission of contract authorization pursuant to Public Law 759, 81st Cong	−31,460,000		
Obligations incurred	78,955,060	63,000,000	30,000,000

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
Direct Obligations			
1. Fiscal year 1948 program	$19,458,001	$20,955,106	$11,030,825
2. Fiscal year 1949 program	13,280,668	13,404,145	1,848,340
3. Fiscal year 1950 program	12,569,192	8,931,208	8,854,835
4. Fiscal year 1951 program	33,637,226	19,709,541	8,266,000
Total direct obligations	78,945,087	63,000,000	30,000,000
Obligations Payable Out of Reimbursements From Other Accounts			
3. Fiscal year 1950 program	9,973		
Obligations incurred	78,955,060	63,000,000	30,000,000

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Total number of permanent positions	2,382	2,980	2,435
Average number of all employees	1,941	2,555	2,034
Deduct number paid from project order funds	1,863	2,500	2,000
Average number of employees paid from 01 Personal services	78	55	34
Average salaries and grades:			
General schedule grades:			
Average salary	$5,405	$5,518	$5,515
Average grade	GS-9.4	GS-8.6	GS-8.6
Ungraded positions: Average salary	$3,400	$3,500	$3,500
Direct Obligations			
01 Personal services:			
Permanent positions	$6,755,800	$9,053,500	$7,187,410
Regular pay in excess of 52-week base		33,500	20,950
Payment above basic rates	566,371	760,800	602,350
Total personal services	7,322,171	9,847,800	7,810,710
Deduct amounts financed from project orders charged to object classes 08 and 09	6,893,100	9,532,300	7,620,200
Net personal services	429,071	315,500	190,510
02 Travel	55,926	25,000	20,000
03 Transportation of things	52,983	142,000	40,000
07 Other contractual services	6,753,061	12,250,000	1,250,700
08 Supplies and materials	43,478,493	28,838,000	7,900,000
09 Equipment	28,175,553	21,354,500	20,497,990
15 Taxes and assessments		75,000	800
Total direct obligations	78,945,087	63,000,000	30,000,000
Obligations Payable Out of Reimbursements From Other Accounts			
08 Supplies and materials	9,973		
Obligations incurred	78,955,060	63,000,000	30,000,000

Mr. SHEPPARD. All right, let us pick up our next item, "Ordnance for new construction, Navy," which is reflected on pages 15–17 and 15–18 of the justifications.

I note on that page, gentlemen, that you are asking for cash to liquidate contract authority. The total amount that you are requesting for that purpose is $47,000,000, is that correct?

Admiral SCHOEFFEL. Yes, sir.

Mr. SHEPPARD. At the bottom of the page you estimate that you will have unexpended cash at the end of the year in the amount of $29,801,200; is that correct?

Admiral SCHOEFFEL. Yes, sir; that is correct.

Mr. SHEPPARD. Mr. Reporter, insert in the record at this point pages 15–7, 15–9, 15–11 and 15–12.

(The matter referred to is as follows:)

(a) Statement of obligational authority

	Approved program totals	Revised program totals	1953 estimate
1948 program	$172,373,000	$165,911,000	−$6,462,000
1949 program	76,547,000	66,883,000	−9,664,000
1950 program	43,794,000	47,087,000	+3,293,000
1951 program	63,409,000	61,742,000	−1,667,000
Funds held in reserve for contingencies		14,500,000	+14,500,000
Total obligational authority	356,123,000	356,123,000	
Add cash to liquidate contract authority			47,000,000
Total appropriation request			47,000,000

(b) Cash statement

	1951	1952	1953
Unexpended cash, beginning of year	$30,601,681	$92,856,200	$72,801,200
Cash received during year:			
Approved appropriation	105,800,000	52,445,000	
Appropriation requested			47,000,000
Total available for expenditure	136,401,681	145,301,200	119,801,200
Deduct expenditures during year (net of reimbursements)	43,545,481	72,500,000	90,000,000
Unexpended cash, end of year	92,856,200	72,801,200	29,801,200

(c) Statement of unfinanced contract authority

	1951	1952	1953
Unfinanced contract authority, beginning of year	$233,905,000	$172,445,000	$120,000,000
Contract authority added during year			
Reduction in contract authority (net)	−31,460,000		
Total	202,445,000	172,445,000	120,000,000
Deduct cash to liquidate contract authority	30,000,000	52,445,000	47,000,000
Unfinanced contract authority, end of year	172,445,000	120,000,000	73,000,000

(d) Summary of obligation by activity

	1951	1952	1953
1. Fiscal-year-1948 program	$19,458,007	$20,955,706	$11,030,825
2. Fiscal-year-1949 program	12,280,668	13,404,145	1,848,340
3. Fiscal-year-1950 program	12,579,165	8,937,208	8,854,835
4. Fiscal-year-1951 program	32,637,226	19,709,541	8,266,000
Total obligations	78,955,060	63,000,000	30,000,000

PURPOSE AND SCOPE OF WORK

Under the appropriation "Ordnance for new construction" the Bureau of Ordnance is providing ordnance, including ammunition, for 44 newly constructed vessels and 196 vessels being converted at a total estimated cost of $356,123,000. In addition, this program includes 126 vessels to be constructed and 20 to be converted for which no ordnance is required.

The production and procurement of ordnance for these vessels will involve obligations totaling $299,752,000, and expenditures against these obligations totaling $155,052,000 by June 30, 1952.

It is estimated that approximately 93 percent of the total appropriation will be obligated and 71 percent will be expended by June 30, 1953. Expenditures during fiscal year 1953 are estimated to total $90,000,000. Of this amount, $43,000,000 is available to cover expenditures under all programs in this appropriation. An additional $47,000,000 is required for expenditures under unfinanced-contract authority in the 1948–50 programs.

Table 1 summarizes the total estimated cost and phased expenditures for ordnance requirements under this appropriation.

Tables 2, 3, 4, and 5, included in the "Confidential supplement," set forth these data in detail by ships and by annual programs.

TABLE I.—*Summary of actual and estimated expenditures, by fiscal year*

	Total estimated cost	Actual expenditures				Estimated expenditures				
		1948	1949	1950	1951	1952	1953	1954	1955	1956
1948 program	$165,911,000	$1,485,877	$7,842,873	$24,914,836	$31,266,235	$36,080,000	$32,458,827	$20,476,465	$11,385,887	
1949 program	66,883,000		2,272,213	9,798,997	8,402,714	16,825,000	21,027,418	8,556,658		
1950 program	47,087,000			961,523	3,458,477	11,055,000	17,277,632	11,219,292	3,115,076	
1951 program	61,742,000				418,055	8,540,000	19,236,123	19,623,134	9,297,688	$4,627,000
Total requirements	341,623,000	1,485,877	10,115,086	35,675,356	43,545,481	72,500,000	90,000,000	59,875,549	23,798,651	4,627,000
Unprogramed reserve	14,500,000									
Total funds available	356,123,000									

STATUS OF OBLIGATIONS

The obligated and committed amounts under the appropriation "Ordnance for new construction" as of December 31, 1951, is $255,577,619. This represents 71.8 percent of the obligational authority appropriated for this appropriation. Unobligated balances in this appropriation at the end of fiscal year 1952 will be required to complete approved programs funded in this continuing appropriation. Procurement of ordnance material is scheduled to meet ship conversion, and construction and complete obligation of funds in the first year of availability is neither required nor desired.

Status of funds available for expenditure as of Dec. 31, 1951

Program	Unexpended balance July 1, 1951	Net expenditures July 1, 1951, through Dec. 31, 1951 [1]	Unexpended balance as of Dec. 31, 1951
1948 program	$106,863,179	$17,736,594	$89,126,585
1949 program	56,073,076	6,955,205	49,117,871
1950 program	39,374,000	4,658,420	34,715,580
1951 program	62,990,945	2,552,564	60,438,381
Total	265,301,200	31,902,783	233,398,417

[1] Does not reflect transactions against amounts in working funds of other agencies.

Mr. SHEPPARD. Can you give us briefly the status generally of both new construction and conversion?

Captain SPECHT. There are four separate years covered in that appropriation, Mr. Chairman.

Mr. SHEPPARD. 1948 through 1951, inclusive; is it not?

Captain SPECHT. Yes, sir, and the ships under the 1948 portion of the program will be complete in the middle of the fiscal year 1953; in the 1949 program those conversions are expected to be complete in the fiscal year 1953 since there was not as much new construction, and in the 1950 program the new construction will be complete later on, sir.

Mr. SHEPPARD. Then the end result may be depicted in the pages just referred to, as about in step, insofar as ordnance is concerned, with the production of ships?

Captain SPECHT. Yes, sir.

Mr. SHEPPARD. So one is totally or immediately tied together with the other because of their association?

Captain SPECHT. Yes, sir.

Mr. SHEPPARD. If you are going to produce ships you have to have armament for them?

Captain SPECHT. Yes, sir.

Mr. SHEPPARD. And insofar as your project here is concerned, that you are in step with your construction contemplated end result?

Captain SPECHT. Yes, sir.

Mr. SHEPPARD. As those results have been given to you, I presume, by another bureau?

Captain SPECHT. Yes, sir; that is correct.

Mr. SHEPPARD. In other words, if X ships are going into circulation then you have to have armament for those X ships?

Captain SPECHT. Yes, sir; that is correct.

REVISIONS IN PROGRAM TOTALS

Mr. SHEPPARD. I notice in your 1953 estimate that you show a reduction in the first line item, 1948, in the amount of $6,462,000. What has happened to make that reduction possible? That is reflected on page 15–17 at the top of the line in the right-hand column.

Captain SPECHT. Let me check it just a moment. I will have to give you a general answer. I can look it up more specifically later.

Mr. SHEPPARD. Give me a general answer at this time, and make it specific when you have the record for correction purposes.

Captain SPECHT. They are in general changes of characteristics.

Mr. SHEPPARD. In other words, you have written change orders to the degree that you have been able to make this reduction?

Captain SPECHT. Yes, sir.

Mr. SHEPPARD. I will state the same question with respect to the 1949 program. You show a reduction there of $9,664,000. Does the same explanation apply in that category?

Captain SPECHT. Yes, sir.

Mr. SHEPPARD. I call your attention to your program for 1950, in which you show a plus of $3,293,000. What has happened there?

Captain SPECHT. The same answer, Mr. Sheppard.

Mr. SHEPPARD. In other words, you made revisions in those previous instances which caused decreases and then this time you make a change which causes an increase?

Captain SPECHT. Yes, sir.

Admiral SCHOEFFEL. I have found the table, Mr. Sheppard, that shows the details if you wish them now.

Captain SPECHT. This table set forth in detail an itemization of the equipments which were scheduled to go into the ships and which have either been canceled or added.

Mr. SHEPPARD. With reference to your next item, your 1951 program, you show a decrease of $1,667,000. Does the same answer apply in that instance as the one heretofore given?

Captain SPECHT. Yes, sir.

Mr. SHEPPARD. I notice your next item is reflected as funds held in reserve for contingencies. You want $14,500,000 there.

Captain SPECHT. It is not a request for additional funds for the 1951 program which is fully funded. This is held in escrow at the moment.

Mr. SHEPPARD. In other words, you figure you need $14,500,000 for the purpose of taking care of the expenditures of your projected program upon the same comparable basis of experience that you had in the past, where you show both increases and decreases which might result from a modification or lessening of the required appurtenances on ships, and so forth. Is that true?

Captain SPECHT. That is true, and we have had specific instances already since this budget was prepared showing they would require changes.

Mr. SHEPPARD. In other words, what you are telling me is that you have a background of experience indicated which fully justifies your request for the $14,500,000 to take care of unforeseen or uncontrollable factors?

Captain SPECHT. Yes, sir.

Mr. PEHRSON. Every year we have to reestimate the cost of the ships approved in this program. There is no new authority requested in this account, but a plus or minus is shown in the price tags on the ships approved in this appropriation. At the time this book was put together the pluses and minuses applying to the 1948 through 1951 programs showed that there would be net savings of $14,500,000 as of that date.

Since that date additional requirements developing against procurement in this appropriation have reduced that probable savings to $991,625. As these ships are completed future adjustments will be identified in this manner.

Mr. SHEPPARD. Insofar as your funds are held in reserve for contingencies, the $14,500,000 means what at the moment?

Mr. PEHRSON. At the moment this book was put together that was excess to ordnance requirements for the ships in this program, and if that were still firm as of this date it would be an amount of money in excess of the requirements for the ships.

Mr. SHEPPARD. However, you have already experienced up to now a lessening of this amount. You said $9,000,000-plus——

Mr. PEHRSON. $991,625. That was our last run on it last week.

Mr. SHEPPARD. In other words, it boils itself down to this fact—in projecting programs of this character, even though they are as old as 1948 and 1949, there are certain modifications and changes that are being effected to the degree of getting differentials that I have been addressing myself to appearing on page 15–7.

Mr. PEHRSON. That is correct.

OBLIGATIONS AND BALANCES

Mr. WIGGLESWORTH. I do not quite understand this item. You had $52,445,000 for this same purpose of liquidating obligations in this year, and in the first 6 months you had obligated $17,306,000. You have an estimated carry-over as of June 30, 1952, of $192,801,000, and as of June 30, 1953, $102,801,000.

Does this mean that you are going to spend or expect to spend $192,801,000-plus the $44,000,000 that you are asking for here?

Admiral SCHOEFFEL. I am sorry, but I am unable to follow the figures.

Mr. WIGGLESWORTH. The Secretary of Defense reports carry-over figures of $192,801,000 and $102,801,000 as of June 30, 1952, and June 30, 1953, unexpended balance.

If you have a carry-over of $192,800,000 as of June next, why do you need $47,000,000 for liquidation of obligations already incurred?

Admiral SCHOEFFEL. The figures that I have before me, Mr. Wigglesworth, are distinctly different from the ones that you have been quoting, sir. I have here unexpended cash at the beginning of 1952 of $92,856,200. That is the closest similarity that I can find to the $192,800,000 that you mentioned.

Admiral CLEXTON. There are two distinct problems here, and I believe if we are going to get them straight we will have to take each one of them separately.

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In the 1948 and 1949 programs the Congress granted the Navy contract authority, as well as obligational authority, in cash. The appropriation, "Ordnance for new construction, Navy," at the end of 1952 had an unfinanced contract authority of $120,000,000 left. We are requesting in this appropriation that $47,000,000 worth of that old contract authority from 1948 and 1949 be liquidated. That will leave unfinanced contract authority as of June 30, 1953, of $73,000,000 in this appropriation. Now that is one problem and is completely divorced from the other problem—the Secretary of Defense's figures.

Mr. WIGGLESWORTH. The other problem applies to the 1950 and 1951 program?

Admiral CLEXTON. It applies to the total program, sir, of all appropriations, 1948, 1949, 1950, and 1951.

Mr. PEHRSON. I believe I can reconcile the figure of $192,801,000 carry-over. Of that there is $120,000,000 unfinanced contract authority.

Mr. WIGGLESWORTH. So this $47,000,000 relates to the old procedure where contract authority was given?

Mr. PEHRSON. Yes.

Mr. WIGGLESWORTH. And the Secretary of Defense's figures relate to the newer system where you are given the appropriations for the entire job in the first instance?

Mr. PEHRSON. Yes; there is a combination of money and contract authority in the $192,801,000 figure.

Mr. WIGGLESWORTH. And the appropriations are not available for the liquidation of the contract authority under the old system?

Mr. PEHRSON. In the amount of $47,000,000.

Mr. WIGGLESWORTH. They are not available for that purpose?

Mr. PEHRSON. They have not been used for that purpose.

Mr. WIGGLESWORTH. But I say, the obligational authority that has been made available for these four programs, in terms of appropriations, is not available for the purpose of liquidating the contract authority that was given in respect to the 1948 and 1949 programs?

CASH TO LIQUIDATE CONTRACT AUTHORIZATIONS

Mr. PEHRSON. We have taken our guidance on that point from the Bureau of the Budget. They do not want us to use cash appropriated for a 1951 program, which is both cash and authority, to liquidate authority previously granted without the money. That is why you will see a carry-over of $29,801,200. That is cash available to liquidate 1951 authority given to us in 1951, both as authority and cash.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. It makes no difference in the long run, but as a practical matter there would be no reason why that $47,000,000 could not be taken care of out of your obligational authority in the form of appropriations.

Mr. PEHRSON. The Bureau of Ordnance has no feeling on the subject of the $29,801,200. We would have no objection to using the cash available to liquidate whatever bills come in.

Mr. WIGGLESWORTH. $47,000,000?

Mr. PEHRSON. It would be $29,801,200.

Mr. WIGGLESWORTH. Why not $47,000,000?

Mr. PEHRSON. We do not have enough cash to pay our anticipated expenditures in 1953, sir.

Mr. WIGGLESWORTH. You have $192,000,000 carry-over of unexpended cash.

Mr. PEHRSON. That is not unexpended cash, sir; that is unliquidated authority. We have a cash carry-over of $72,801,200.

Mr. WIGGLESWORTH. The statement from the Secretary of Defense says, "Unexpended balances as of 30 June 1952, $192,801,200."

Mr. PEHRSON. Yes; that is a combination of unfinanced contract authority totaling $120,000,000 and cash of $72,801,200. Our expenditures in 1953 against this appropriation are anticipated to be $90,000,000.

Mr. WIGGLESWORTH. I do not see why, in terms of expenditure you do not have ample funds there, except for the Bureau of the Budget objection, to discharge this $47,000,000 in the fiscal year 1953 and then come back in a subsequent year for any balance that may be required.

Mr. PEHRSON. We are $17,198,800 short of cash required. We will have $72,801,200. Our anticipated expenditures for 1953 will be $90,000,000.

Mr. SHEPPARD. In other words, you will have $73,000,000 of contract authority left to liquidate?

Mr. PEHRSON. If we get the $47,000,000.

Mr. WIGGLESWORTH. You say that so far as the Bureau of Ordnance is concerned you could go along with how much—$92,000,000?

Mr. PEHRSON. The difference between $90,000,000 and $72,801,200—$17,198,800.

Mr. WIGGLESWORTH. That you could finance?

Mr. PEHRSON. That cash would cover our expenditures in 1953 without any margin for error in the estimate. If our expenditures exceeded $90,000,000 we would have a deficiency problem.

Mr. WIGGLESWORTH. You mean that but for the Bureau of the Budget's direction, you could get along with $17,000,000?

Mr. PEHRSON. Of cash to liquidate contract authority. That, however, would give us no margin for safety against that estimate of $90,000,000 expenditure.

Mr. SHEPPARD. And you do not mean to convey by that that it would eliminate your request of $47,000,000?

Mr. PEHRSON. That would be a substitute for the request of $47,000,000, and would be a change in the manner in which this appropriation is funded. It would merely mean our request for financing next year would be $73,000,000, plus $30,000,000.

Admiral CLEXTON. Off the record.

(Discussion off the record.)

INCREASE AND REPLACEMENT OF NAVAL VESSELS (ARMOR, ARMAMENT, AND AMMUNITION)

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate	$47,400,000	$12,656,000	$14,900,000
Applied to contract authorization	−47,400,000	−12,656,000	−14,900,000
Prior year balance available:			
Appropriation	1,250,862		
Contract authorization	22,024,199		
Reimbursements from other accounts	10		
Obligations incurred	23,275,071		

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
Direct Obligations			
1. Combatant vessels	$22,200,925		
2. Patrol craft	282,792		
3. Facilities	791,344		
Total direct obligations	23,275,061		
Obligations Payable Out of Reimbursements From Other Accounts			
1. Combatant vessels	10		
Obligations incurred	23,275,071		

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Total number of permanent positions	$83,715	$83,241	$81,200
Average number of all employees	3,461	1,916	500
Deduct number paid from project order funds	3,415	1,916	500
Average number of employees paid from 01 Personal services	46		
Average salaries and grades:			
General schedule grades:			
Average salary	$4,816	$5,256	
Average grade	GS–7.9	GS–6.6	
Ungraded positions at annual rates less than $5,690: Average salary	$3,375	$3,500	$3,500
Direct obligations			
01 Personal services:			
Permanent positions	$11,939,858	$6,862,400	$1,790,500
Regular pay in excess of 52-week base		18,425	1,500
Payment above basic rates	1,009,609	546,775	141,000
Total personal services	12,949,467	7,427,600	1,933,000
Deduct amounts financed from project order charges to object classes 08 and 09	12,723,505	7,427,600	1,933,000
Net personal service obligations	225,962		
02 Travel	101,708		
03 Transportation of things	195,079		
07 Other contractual services	6,604,706		
08 Supplies and materials	8,675,270		
09 Equipment	6,944,906		
15 Taxes and assessments	467,430		
Total direct obligations	23,275,061		
Obligations Payable Out of Reimbursements From Other Accounts			
08 Supplies and materials	10		
Obligations incurred	23,275,071		

Mr. SHEPPARD. We will take up item 17, "Increase and replacement of naval vessels (armor, armament, and ammunition)."

We will insert pages 17–2, 17–7, and 17–13 of the justifications in the record, wherein you are asking for cash to liquidate contract authority of $14,900,000.

(The pages referred to are as follows:)

APPROPRIATION INTRODUCTION

Under the provisions of Public Law 434, Eighty-first Congress, this appropriation expired for obligation purposes on June 30, 1951 and will close for expenditure purposes on June 30, 1952. Unliquidated obligations totaling $14,900,000 will remain against this appropriation on June 30, 1952. An appropriation of this amount and a language proposal to extend the expenditure availability through fiscal year 1953 form the basis of the request under this title.

Statement of obligational authority

	Approved program totals	Revised program totals	1953 estimate
Total obligational authority	$5,513,467,295	$5,513,467,295	
Add: Cash to liquidate contract authority			$14,900,000
Total appropriation request			14,900,000

CASH STATEMENT

	1951	1952	1953
Unexpended cash beginning of year	$31,473,818	$30,660,315	
Cash received during year:			
Approved appropriation	47,400,000	12,656,000	
Appropriation requested			$14,900,000
Total available for expenditure	78,873,818	43,316,315	14,900,000
Deduct: Expenditures during year (net of reimbursements)	48,213,503	43,316,315	14,900,000
Unexpended cash, end of year	30,660,315		

STATEMENT OF UNFINANCED CONTRACT AUTHORITY

Unfinanced contract authority beginning of year	$74,956,000	$27,556,000	$14,900,000
Contract authority added during year			
Total	74,956,000	27,556,000	14,900,000
Deduct: Cash to liquidate contract authority	47,400,000	12,656,000	14,900,000
Unfinanced contract authority, end of year	27,556,000	14,900,000	

PURPOSE AND SCOPE OF WORK

The budget estimates for the appropriation "Increase and replacement of naval vessels, armor, armament, and ammunition" for the fiscal year 1953 are based upon the cash requirements to liquidate obligations incurred prior to July 1, 1951.

The production and procurement of ordnance material and equipment for approximately 56,000 ships built under the appropriation "Increase and replacement of naval vessels, construction machinery" involved obligations totaling $5,513,467,295, as of June 30, 1951. The total expenditures as of June 30, 1951, to liquidate these obligations were $5,455,250,380, leaving an unliquidated balance of $58,216,815.

The total appropriations to date, exclusive of rescissions and transfers to other appropriations are sufficient to finance this program through fiscal year 1952 only. The balance of $14,900,000 required to complete this program and requested in these estimates will be expended in fiscal year 1953.

The limiting date for expenditures under this appropriation, as provided by Public Law 434, Eighty-first Congress, is June 30, 1952. However, the ordnance work on three vessels authorized in this program will not be completed until after June 30, 1952. Two of these vessels have not yet been delivered to the Navy. Following delivery of naval vessels, a 12-month period of performance evaluation including extensive "shake down" operations is required. Delays in design, production, installation and testing of approved ordnance for these prototype vessels will delay expenditures under existing contracts beyond June 30, 1952. Funds to cover these obligations are required. Appropriation language change is requested to permit processing these payments under this title. Table I lists these vessels by type, number, name, date of delivery to the fleet and completion of performance evaluation period, and the estimated unexpended balance on June 30, 1952.

Mr. PEHRSON. Our estimates indicate that at the end of fiscal year 1952 we will have outstanding obligations in that amount that will require liquidation. This is an appropriation where all of our cash will have been expended by the end of this fiscal year. This is a two-part request. We are asking also for a change in language to extend the availability of this appropriation to liquidate our obligations in 1953.

Under present language this appropriation is not available for expenditures beyond fiscal year 1952.

Mr. SHEPPARD. While we do not go into the change of language at this time, I think it is apropos that you have expressed your view about the language change being necessary because of the procedure with which you are confronted.

Aside from the change of language, is there anything in this particular item that is different from the procedure heretofore evidenced and testified to by you gentlemen, and which is not compatible with the ship-construction program and its requirements?

Admiral SCHOEFFEL. This is compatible with the ship-construction program and its requirements.

Mr. SHEPPARD. Upon the same premise and mathematical conclusions that you had to reach in your previous presentation?

Admiral SCHOEFFEL. Yes.

Mr. WIGGLESWORTH. According to the Secretary of Defense, you appear to have an unexpended balance estimated for June 30, 1952, of $15,886,817. Why do you need this additional money under those conditions?

Mr. PEHRSON. That is the same situation as we described under "Ordnance for new construction," Mr. Wigglesworth. They are carrying as an unexpended balance, unfinanced contract authority.

Mr. WIGGLESWORTH. To what extent?

Mr. PEHRSON. To the extent of $14,900,000.

Mr. WIGGLESWORTH. You could spend about $1,000,000 here on the same basis?

Mr. PEHRSON. Not on this, sir. This completes the program.

Mr. WIGGLESWORTH. This winds up the whole thing?

Mr. PEHRSON. That is right, sir.

Mr. WIGGLESWORTH. What is that $14,900,000 for?

Mr. PEHRSON. The $14,900,000 is the cash required to pay the obligations that have been entered against this appropriation.

Mr. WIGGLESWORTH. All of this it is expected will be expended in the fiscal year 1953?

Mr. PEHRSON. That is correct, sir.

ORDNANCE AND FACILITIES, NAVY

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate	$1,440,451,000	$1,335,668,000	$982,600,000
Transferred from—			
"Ordnance service and supplies, Army," pursuant to 5 U. S. C. 172	915,400		
"Emergency fund, Department of Defense," pursuant to Public Law 843, 81st Cong	25,984,385		
Transferred to "Facilities, Navy," pursuant to Public Law 843, 81st Cong	−26,637,879	−50,000,000	−16,679,000
Adjusted appropriation or estimate	1,440,712,906	1,285,668,000	965,921,000
Reimbursements from other accounts	79,149,963	69,524,866	33,030,000
Total available for obligation	1,519,862,869	1,355,192,866	998,951,000
Unobligated balance, estimated savings (available for administrative reappropriation in subsequent years)	−1,281,338		
Obligations incurred	1,518,581,531	1,355,192,866	998,951,000
Comparative transfer from "Military personnel, Navy"	45,000		
Comparative transfer to—			
"Service-wide supply and finance, Navy"	−1,115,175	−1,570,000	
"Navy personnel, general expenses"	−40,000		
"Service-wide operations, Navy"	−452,190		
"Marine Corps troops and facilities"	−216,000		
"Civil engineering, Navy"	−21,575	−12,168	
"Ships and facilities, Navy"		−375,000	
"Research, Navy"	−350,000	−360,000	
"Aircraft and facilities, Navy"	−214,050	−215,456	
Total obligations	1,516,217,541	1,352,660,242	998,951,000

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
Direct Obligations			
1. Procurement of ordnance and ammunition	$1,101,809,364	$830,704,000	$617,317,000
2. Maintenance of ordnance and ammunition	98,859,808	144,063,000	104,825,000
3. Maintenance and operation of facilities	54,683,093	62,407,000	58,028,000
4. Improvements and alterations of facilities	43,996,217	87,358,576	28,167,000
5. Naval reserve	1,339,105	1,177,000	1,280,000
6. Research and development	106,253,719	126,395,000	142,000,000
7. Industrial mobilization	23,514,450	21,558,000	3,980,000
8. Departmental administration	6,611,822	9,473,000	10,324,000
Total direct obligations	1,437,037,578	1,283,135,376	965,921,000
Obligations Payable Out of Reimbursements From Other Accounts			
1. Procurement of ordnance and ammunition	61,606,448	55,004,866	32,400,000
2. Maintenance of ordnance and ammunition	11,966,724	14,060,000	300,000
3. Maintenance and operation of facilities	3,300,000		
4. Improvements and alterations of facilities	1,998,732	150,000	
6. Research and development	14,569	250,000	250,000
7. Industrial mobilization	205,490		
8. Departmental administration	58,000	60,000	80,000
Total obligations payable out of reimbursements from other accounts	79,149,963	69,524,866	33,030,000
Total obligations	1,516,217,541	1,352,660,242	998,951,000

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Summary of Personal Services			
Total number of permanent positions	48,960	62,497	64,721
Full-time equivalent of all other positions	69	75	75
Average number of all employees	40,450	54,609	61,516
Deduct number paid from project order funds	27,872	38,644	44,700
Average number of employees paid from 01 Personal services	12,578	15,965	16,816
Average salaries and grades:			
General schedule grades:			
Average salary	$3,757	$4,135	$4,133
Average grade	GS-5.6	GS-5.6	GS-5.6
Crafts, protective, and custodial grades:			
Average salary	$3,063	$3,384	$3,383
Average grade	CPC-5.8	CPC-5.8	CPC-5.6
Ungraded positions: Average salary	$3,184	$3,289	$3,289
Personal service obligations:			
Permanent positions	135,059,631	191,991,712	215,096,922
Part-time and temporary positions	373,838	425,000	430,000
Regular pay in excess of 52-week base		841,200	886,400
Payment above basic rates	15,976,645	22,816,388	12,390,300
Total personal service obligations	151,410,114	216,074,300	228,803,622
Deduct amounts financed from project orders charged to object classes 08 and 09	100,369,917	143,905,800	156,816,400
Net personal service obligations	51,040,197	72,168,500	71,987,222
Direct Obligations			
01 Personal services	50,982,197	72,108,500	71,907,222
02 Travel	1,088,270	1,671,000	2,025,000
03 Transportation of things	1,919,300	4,500,000	10,000,000
04 Communication services	551,000	658,000	689,000
05 Rents and utility services	3,897,670	4,500,000	5,000,000
06 Printing and reproduction	338,870	815,000	1,151,500
07 Other contractual services	79,878,715	92,037,000	81,850,000
08 Supplies and materials	1,018,054,240	756,830,810	696,278,778
09 Equipment	279,875,430	348,715,036	95,419,500
15 Taxes and assessments	450,896	1,300,000	1,600,000
Total direct obligations	1,437,037,578	1,283,135,376	965,921,000
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	58,000	60,000	80,000
08 Supplies and materials	59,304,463	51,258,896	25,118,000
09 Equipment	19,787,500	18,205,000	7,832,000
Total obligations payable out of reimbursements from other accounts	79,149,963	69,524,896	33,030,000
Total obligations	1,516,217,541	1,352,660,242	998,951,000

Mr. SHEPPARD. We will take up the next item, "Ordnance and facilities," and we will place in the record pages 14–2, 14–3, and 14–4.

(The pages referred to are as follows:)

APPROPRIATION INTRODUCTION

Funds required to support the programs under the appropriation "Ordnance and facilities, Navy, 1953" total $982,600,000.

These requirements are set forth in eight major program activities as follows:

Procurement of ordnance and ammunition, $633,996,000, 64.52 percent of total

The estimates contained in this appropriation for procurement of ordnance and ammunition represent funds required to support the revised program, production and funding objectives of the defense program for fiscal year 1953.

The funds required for procurement of ammunition will permit continuation, under reduced schedules, of the production programs initiated late in fiscal year 1951 and fiscal year 1952.

A very substantial reduction in the 1953 requirements for mines, depth charges, nets and degaussing material reflect major accomplishment of these programs with available funds. The funds requested will permit procurement of new and improved mines on which production can be initiated in fiscal year 1953.

The requirements for torpedo and guided-missile procurement are substantially greater than in prior years. Improved torpedoes for antisubmarine warfare will be available for quantity production in fiscal year 1953. The funds requested will permit significant accomplishment in this critical program. The additional funds required for guided missiles reflect the scheduled availability for production of improved missiles.

Funds for procurement of improved fire-control and other ordnance equipment are provided for under this activity at a greatly reduced scale from fiscal year 1952. The major part of this requirement to meet current program objectives has been funded.

It is estimated that $50,144,000 will be necessary for production facilities. The largest single requirement exists for facilities to expedite production of guided missiles.

Maintenance of ordnance and ammunition, $104,825,000, 10.67 percent of total

Funds requested under this program are approximately 27 percent less than were required during fiscal year 1952. In large part this reflects the substantial reduction in the backlog of ammunition maintenance and overhaul that has been accomplished with current funds. Spare part procurement and other programs provided under this project are related to the operating requirements of approved forces through fiscal year 1953.

Maintenance and operation of facilities, $58,028,000, 5.91 percent of total

Requirements for maintenance and operation of the ordnance shore establishment in fiscal year 1953 are approximately 8 percent less than in fiscal year 1952. This reduction is possible although the productive activity at ordnance shore stations will remain at the same or higher levels in fiscal year 1953. Savings due to correction of deferred maintenance projects and the availability of new equipment are estimated to more than offset the maintenance costs of expanded facility operations.

Improvements and alterations to facilities, $28,167,000, 2.87 percent of total

Funds requested for improvement and alteration to ordnance shore facilities in fiscal year 1953 are approximately 68 percent less than the requirements of fiscal year 1953. There are no funds requested for vehicle, railroad, construction, and material handling equipment. Approved equipment replacement allowances have been provided for with current funds. The station alterations and improvement projects included represent highest priority items essential to the performance of current and planned station workload missions.

Naval Reserve, $1,280,000, .13 percent of total

The requirements for the Naval Reserve program are relatively constant with a slight increase anticipated for maintenance of equipment procured and installed under the Naval Reserve program in prior years.

Research and development, $142,000,000, 14.45 percent of total

The project included in the fiscal year 1953 research and development program of the Bureau of Ordnance are integrated parts of the total program approved by the Research and Development Board. An increase of approximately 12 percent in the level of research effort is required to permit increased emphasis to projects related to atomic warfare, air defense, antisubmarine, and combat air operations.

Industrial mobilization, $3,980,000, 0.40 percent of total

Funds required for industrial mobilization programs in fiscal year 1953 are approximately 82 percent less than in fiscal year 1952. The very substantial reductions under this program are possible due to the support of industrial mobilization objectives through the expanded production programs.

Departmental administration, $10,324,000, 1.05 percent of total

Additional funds will be required in fiscal year 1953 for departmental administration. The expanded programs initiated during 1951, continued through 1952 and projected for 1953 will place heaviest demands for effective administrative direction at the departmental level in fiscal year 1953. The additional

staff and supporting services set forth under this program are the minimum required to meet these responsibilities.

STATUS OF OBLIGATIONS [1]

The obligated and committed amounts under the appropriation "Ordnance and facilities, Navy, 1952" as of December 31, 1951, is $675,616,677. This represents 52.5 percent of the funds appropriated for this appropriation for the fiscal year 1952. Obligations and commitments through January 31, 1952, were $789,446,211. This represents 61.4 percent of the funds appropriated. The balance will be obligated by the end of the year. Under present planned schedules 90.2 percent of this appropriation will be obligated or committed by the end of March 1952.

Status of funds available for expenditure as of Dec. 31, 1951

Budget activity	Appropriated funds	Net expenditures for period July 1, 1951, through Dec. 31, 1951 [2]	Unexpended balance
1. Procurement of ordnance and ammunition	[1] $830,704,000	$2,234,692	$828,469,308
2. Maintenance of ordnance and ammunition	143,685,000	21,102,633	122,582,367
3. Maintenance and operation of facilities	62,782,000	24,399,102	38,382,898
4. Improvements and alterations to facilities	87,386,000	419,453	86,966,547
5. Naval Reserve	1,177,000	20,402	1,156,598
6. Research and development	126,955,000	15,516,429	111,438,571
7. Industrial mobilization	21,558,000	64,845	21,493,155
8. Departmental administration	9,473,000	3,762,248	5,710,752
Cataloging	1,948,000	699,242	1,248,758
Total	1,285,668,000	68,219,046	1,217,448,954

[1] Excludes transfers to "Facilities, Navy" in amount of $50,000,000.
[2] Does not reflect transactions against amounts in working funds of other agencies.

PROCUREMENT OF ORDNANCE AND AMMUNITION

Mr. SHEPPARD. Under this budget activity it is reflected that your 1953 estimate is $633,996,000. That is reflected on page 14–9 of the justifications. Your 1952 estimate was $880,704,000. That shows a decrease of $246,708,000.

Admiral SCHOEFFEL. Yes, sir.

UNEXPENDED BALANCE

The unexpended balance under activity 1, procurement of ordnance and ammunition on December 31, 1951, was $828,469,308.

PROCUREMENT OF AMMUNITION

Mr. SHEPPARD. You will address yourself to project 1–A, procurement of ammunition.

The estimate for 1953 is $279,205,000. Your estimate for 1952 was $262,578,000.

Admiral SCHOEFFEL. These funds will permit the continuation on reduced schedules of the production programs initiated late in the fiscal year 1951–52.

Mr. SHEPPARD. And has to do with expenditures for the procurement of ammunition?

[1] Excludes transfers to appropriation "Facilities, Navy" in the amount of $50,000,000.

Admiral SCHOEFFEL. Yes.

Mr. SHEPPARD. How much of this $279,205,000 goes to liquidating any outstanding balances or indebtedness that might have accumulated in this category, contractual or otherwise?

Admiral SCHOEFFEL. None, sir. This is new authority being requested.

Mr. SHEPPARD. Authority or money?

Admiral SCHOEFFEL. Authority and money, sir.

Mr. SHEPPARD. In other words, you have the authority to do it if you get the funds to pay for it?

Admiral SCHOEFFEL. Yes.

PROCUREMENT OF MINES, DEPTH CHARGES, NETS, AND DEGAUSSING

Mr. SHEPPARD. We will take up the next item, "Procurement of mines, depth charges, nets, and degaussing."

You are asking for $19,829,000. Your 1952 estimate was $75,747,000. Why have you dropped down to the figure you show for 1953? Did you have enough money in 1952 so that you can afford to drop back and still have available an inventory for your contemplated requirements for 1953?

Admiral SCHOEFFEL. Yes. We are in a substantially good position under that subactivity.

PROCUREMENT OF TORPEDOES

Mr. SHEPPARD. We will take up the next item, 1–B, "Procurement of torpedoes." You are asking for $75,571,000 in the fiscal year 1953. Your 1952 estimate was $30,477,000. You have increased that requirement. Apparently we do not find the same inventory build-up in this instance that we did in the previous one. What is the explanation?

Admiral SCHOEFFEL. We are a long way from meeting our requirement for out antisubmarine torpedoes in particular, sir.

Mr. SHEPPARD. Is that indicative of a new development?

Admiral SCHOEFFEL. Yes.

PROCUREMENT OF GUIDED MISSILES

Mr. SHEPPARD. We will take up the next item, "Procurement of guided missiles." In 1953 your estimate is for $121,149,000. Your estimate for 1952 was $90,433,000. This shows a sharp increase, comparatively speaking. What is the reason for the increase?

Admiral SCHOEFFEL. Getting into the production phase of the guided-missile program which, as you know, sir, is a program of new material.

PROCUREMENT OF ORDNANCE EQUIPMENT

Mr. SHEPPARD. Let us pick up the next item, 1–E, "Procurement of ordnance equipment." You want $88,098,000. In 1952 you had $276,469,000 in your estimate. That shows a sharp decrease. What has happened in that instance?

Admiral SCHOEFFEL. The major part of this requirement to meet current program objectives has been funded.

Mr. SHEPPARD. In other words, then, the $88-million-plus is for the purpose of continuing a program in that field; is that right?

Admiral SCHOEFFEL. Yes, sir.

FACILITIES TO EXPEDITE PROCUREMENT

Mr. SHEPPARD. Let us pick up item 1–F, "Facilities to expedite procurement." There is $50,144,000 in your estimate for 1953. In 1952 your estimate was $145,000,000. That shows a very sharp decline. What does that indicate?

Admiral SCHOEFFEL. It indicates that we have fairly well established our base of procurement, sir.

Mr. SHEPPARD. You mean in the facilities field?

Admiral SCHOEFFEL. Yes, sir.

Mr. SHEPPARD. So you do not contemplate having to go further into very much of an extensive financing of facilities?

Admiral SCHOEFFEL. That is correct, sir.

Mr. SHEPPARD. In your $145 million in 1952 there was a considerable portion of that fund which was expended in the financing of facilities, both your own and in private contractual fields, was there not?

Admiral SCHOEFFEL. Yes, sir.

Mr. WIGGLESWORTH. Mr. Chairman, I wish that tomorrow morning we could have a look at the Form 519–B's if that is the correct designation which shows how the figures are arrived at in respect to ammunition requirements. They show, as I understand it, the amount on hand at the beginning of the year, the consumption during the year, and other details.

Mr. SHEPPARD. Can you provide that for the benefit of the committee and the record, or do you want to provide that to the clerk for the use of the committee?

Mr. WIGGLESWORTH. I would like to look them over, and they might suggest some questions. I would like to have them with respect to 1A, for the various types of ammunition included in 1A, and perhaps 1B and 1C.

Mr. SHEPPARD. You want that information available in the morning, Mr. Wigglesworth?

Mr. WIGGLESWORTH. Yes, I would like to have them at that time.

Mr. SHEPPARD. Very well. Will you gentlemen provide it?

Admiral SCHOEFFEL. Yes, sir.

OBLIGATION BY MONTHS, NAVY, 1951 AND 1952

Mr. WIGGLESWORTH. Also, may I make one other general request?

Mr. SHEPPARD. Certainly.

Mr. WIGGLESWORTH. Admiral Clexton has provided, I believe, an over-all table by appropriation item showing the expenditures month by month for the calendar year 1951. I did not ask for at the time, but I would like to get, a similar table which would show the obligations month by month for that same year, and perhaps carry on the estimated obligations by month through the balance of 1952 and in fiscal 1953.

Mr. SHEPPARD. Can you and will you provide it in the morning, Admiral Clexton?

Admiral CLEXTON. I can give the obligations month by month up to January 31, 1952.

Mr. WIGGLESWORTH. Can you estimate them thereafter?

Admiral CLEXTON. We never have tried to estimate obligations in advance by months.

Mr. WIGGLESWORTH. On an annual basis?

Admiral CLEXTON. Yes, sir.

Mr. WIGGLESWORTH. You could give us a figure for the balance of 1952 and a figure for 1953, in one figure, could you not?

Admiral CLEXTON. On the obligations.

Mr. WIGGLESWORTH. Estimated obligations?

Admiral CLEXTON. Yes, sir; I can give you that.

Mr. SHEPPARD. Will you have that availabile tomorrow morning?

Mr. WIGGLESWORTH. Perhaps he cannot do it that fast.

Admiral CLEXTON. I do not think we can get it that fast.

Mr. SHEPPARD. Will you be satisfied to have it supplied in the record?

Mr. WIGGLESWORTH. I want it before we mark up the bill.

Monthly net obligations by appropriation title calendar year 1951

Appropriation title (1)	January (2)	February (3)	March (4)	April (5)	May (6)	June (7)	July (8)
Total, direct appropriation accounts	$888,836,682	$994,471,045	$1,711,220,909	$741,217,445	$784,408,264	$2,604,010,168	$2,619,733,431
Military personnel:							
Navy	153,449,447	162,000,718	171,763,981	176,266,674	170,411,536	205,958,035	190,992,565
Naval Reserve	3,011,354	3,529,732	3,578,186	4,820,725	8,611,716	5,319,763	6,729,022
Officer candidates, Navy	1,218,855	1,070,254	1,122,420	1,190,294	1,315,471	2,023,776	1,970,287
Navy personnel, general expenses	6,694,227	19,871,522	9,223,872	7,878,939	10,395,586	28,578,096	6,789,638
Military personnel:							
Marine Corps	38,490,408	38,602,693	48,338,266	39,846,234	50,829,478	53,997,932	48,228,478
Marine Corps Reserve	−91,699	192,539	114,876	138,848	−143,719	330,617	534,653
Marine Corps troops and facilities	71,704,554	49,199,460	35,404,512	40,621,283	66,467,472	33,068,260	304,077,405
Aircraft and facilities, Navy	76,658,303	61,408,505	173,445,869	39,497,839	64,464,081	196,901,153	45,043,395
Construction of aircraft and related procurement, Navy	155,388,422	186,532,582	476,631,178	84,472,664	83,282,194	739,717,134	1,097,269,529
Ships and facilities, Navy	116,576,528	143,228,403	224,804,033	151,228,888	82,545,591	412,889,846	153,735,430
Construction of ships, Navy	4,725,025	51,778,521	72,835,525	28,303,175	5,731,355	280,763,870	10,200,802
Shipbuilding and conversion, Navy							560,815,000
Ordnance and facilities, Navy	120,589,990	127,800,968	320,004,958	61,503,594	126,997,790	353,043,394	73,414,629
Ordnance for new construction, Navy	22,076,154	5,594,119	12,003,687	−13,638,425	−2,119,282	11,048,095	1,363,889
Ordnance for shipbuilding and conversion, Navy							
IRNV:							
Construction and machinery	1,011,474	7,379,919	7,740,477	1,139,401	3,149,464	5,988,805	
Armor, armament, and ammunition	−725,008	1,067,220	1,404,772	361,492	7,321,316	2,923,729	
Medical care, Navy	10,475,434	10,077,008	13,144,864	4,814,818	8,422,997	27,104,438	14,550,541
Civil engineering, Navy	14,918,842	14,194,372	24,420,342	13,517,567	20,965,470	19,922,153	25,179,316
Facilities, Navy			1,063,000		75,000	29,532,698	
Research, Navy	5,106,619	10,518,306	17,419,926	7,623,641	6,285,667	13,230,246	3,699,760
Service-wide supply and finance, Navy	35,478,701	30,723,071	35,455,119	47,958,156	27,365,803	37,564,823	39,569,227
Service-wide operations, Navy	27,864,957	13,864,014	8,292,758	11,361,515	9,511,902	37,683,197	10,249,086
Operation and conservation of naval petroleum reserves	7,144	5,000	5,000	5,000	6,000	8,100	11,005,000
Naval Petroleum Reserve No. 4, Alaska	97,161	6,236,505	43,430	131,658	−1,562,199	517,950	501,306
Public Works:							
Navy	23,403,583	49,464,790	52,781,035	31,045,999	33,893,048	104,464,209	13,849,308
Bureau of Yards and Docks	605,051	8,034	−6,480	972,354	−154,240	859,476	−34,835
Construction, water supply facilities, San Diego, Calif., Navy							
Refund to Florida Keys Aqueduct Commission							
Island governments, Navy	101,066	2,789	110,197	145,082	338,145	540,203	
Naval emergency fund			7,076	10,000	2	170	

Monthly net obligations by appropriation title calendar year 1951—Continued

Monthly net obligations by appropriation title calendar year 1951—Continued

Appropriation title (1)	August (9)	September (10)	October (11)	November (12)	December (13)	Total (14)
Total, direct appropriation accounts	$1,000,556,580	$795,511,436	$1,039,480,970	$921,056,607	$1,319,979,136	$15,420,482,673
Military personnel:						
Navy	192,657,523	199,734,781	193,072,345	197,426,363	200,851,904	2,214,645,872
Naval Reserve	7,272,615	3,669,412	2,901,229	2,710,999	2,128,966	54,283,719
Officer candidates, Navy	2,304,954	1,306,758	1,451,587	1,392,769	1,615,694	17,983,119
Navy personnel, general expenses	6,618,995	8,286,642	7,118,570	8,124,394	8,061,965	127,642,446
Military personnel:						
Marine Corps	50,891,475	50,671,813	45,740,946	50,535,338	50,730,173	566,903,354
Marine Corps Reserve	1,971,830	−447,751	101,906	129,076	223,512	3,084,688
Marine Corps troops and facilities	113,070,747	56,057,952	65,997,209	71,424,961	28,259,304	935,358,119
Aircraft and facilities, Navy	50,134,997	66,486,304	70,717,682	61,763,849	127,442,853	1,034,026,431
Construction of aircraft and related procurement, Navy	170,997,923	117,248,620	238,639,077	117,437,591	281,631,966	3,749,248,880
Ships and facilities, Navy	146,967,706	51,080,034	61,347,881	90,121,826	154,172,708	1,788,758,904
Construction of ships, Navy	15,566,809	14,199,556	9,054,200	15,942,957	5,843,456	512,945,251
Shipbuilding and conversion, Navy	489,462	74,613,056	13,686,546	71,346,875	140,363,779	834,314,718
Ordnance and facilities, Navy	83,545,761	47,985,021	113,143,483	53,925,193	159,492,000	1,643,446,781
Ordnance for new construction, Navy	2,479,760	624,984	4,032,272	5,487,116	3,318,256	52,273,645
Ordnance for shipbuilding and conversion, Navy	20,227,366	5,510,463	136,482,886	44,558,141	39,886,171	246,665,027
IRNV:						
Construction and machinery						26,409,540
Armor, armament, and ammunition						12,353,521
Medical care, Navy	18,141,787	18,905,536	17,276,268	16,327,906	17,544,012	176,785,609
Civil engineering, Navy	20,337,094	26,705,034	−23,757,423	48,244,766	15,485,817	220,134,350
Facilities, Navy						30,670,698
Research, Navy	8,801,605	7,387,808	4,728,108	5,177,656	8,303,783	98,283,125
Service-wide supply and finance, Navy	37,602,105	37,873,349	42,685,366	40,852,146	34,224,982	447,352,849
Service-wide operations, Navy	10,459,119	11,498,561	27,159,965	6,984,114	6,438,776	181,367,994
Operation and conservation of naval petroleum reserves	5,000	37,000	5,000	455,000	5,000	11,548,244
Naval Petroleum Reserve No. 4, Alaska	35,052	−24,949	127,613	−12,230	335,495	6,426,792
Public works:						
Navy	39,956,731	21,099,050	7,823,005	13,081,135	33,229,378	424,091,271
Bureau of Yards and Docks	20,133	1,402	−54,751	−381,331	388,186	2,222,996
Construction, water supply facilities, San Diego, Calif., Navy						
Refund to Florida Keys Aqueduct Commission						
Island governments, Navy						1,237,482
Naval emergency fund						17,248

Monthly net obligations by appropriation title, calendar year 1952

Appropriation title	January	February	March (estimated)	April (estimated)	May (estimated)	June (estimated)	July (estimated)
Total, direct appropriation accounts	$1,095,960,012	$946,526,913	$1,743,861,392	$1,252,571,000	$1,341,751,000	$1,745,316,000	$2,292,450,000
Military personnel:							
Navy	210,022,335	202,902,423	210,000,000	219,000,000	219,000,000	220,000,000	208,000,000
Naval Reserve	3,068,556	3,306,969	4,000,000	5,000,000	6,000,000	6,000,000	2,000,000
Officer candidates, Navy	1,101,408	1,315,917	1,500,000	1,600,000	1,600,000	2,000,000	2,100,000
Navy personnel, general expenses	6,261,717	9,315,462	11,000,000	8,000,000	8,000,000	9,000,000	8,000,000
Military personnel:							
Marine Corps	50,389,206	55,057,926	50,000,000	50,000,000	50,000,000	50,000,000	48,000,000
Marine Corps Reserve	95,771	−79,075	500,000	800,000	1,000,000	1,200,000	1,300,000
Marine Corps troops and facilities	50,653,442	89,859,504	68,000,000	50,000,000	50,000,000	70,000,000	250,000,000
Aircraft and facilities, Navy	73,211,958	51,350,983	110,000,000	80,000,000	88,000,000	100,000,000	70,000,000
Construction of aircraft and related procurement, Navy	256,972,783	48,610,341	350,000,000	350,000,000	358,000,000	550,000,000	1,000,000,000
Ships and facilities, Navy	141,768,019	83,224,199	210,000,000	90,000,000	110,000,000	239,000,000	100,000,000
Construction of ships, Navy	11,211,018	14,366,360	18,000,000	9,000,000	12,000,000	12,000,000	8,000,000
Shipbuilding and conversion, Navy	23,155,825	162,729,570	200,000,000	40,000,000	40,000,000	55,000,000	350,000,000
Ordnance and facilities, Navy	105,507,115	120,700,470	210,000,000	95,000,000	110,000,000	110,000,000	75,000,000
Ordnance for new construction, Navy	9,767,614	6,594,874	10,000,000	6,000,000	6,000,000	6,000,000	3,000,000
Ordnance for shipbuilding and conversion, Navy	15,272,067	5,426,280	20,000,000	15,000,000	16,000,000	18,000,000	10,000,000
Medical care, Navy	8,607,111	3,744,328	7,000,000	4,000,000	4,000,000	5,000,000	15,000,000
Civil engineering, Navy	3,602,657	14,221,792	20,000,000	13,000,000	15,000,000	18,000,000	22,000,000
Facilities, Navy	6,513,950	34,954	900,000	10,000,000	15,000,000	23,000,000	
Research, Navy	5,901,996	4,072,827	6,000,000	3,000,000	4,000,000	6,000,000	4,000,000
Service-wide supply and finance, Navy	45,218,259	35,714,374	50,000,000	37,000,000	40,000,000	44,000,000	38,000,000
Service-wide operations, Navy	8,576,689	6,632,813	35,000,000	8,000,000	8,000,000	11,000,000	7,000,000
Operation and conservation naval petroleum reserves	7,871	20,028	340,000	9,000	9,000	10,000	11,000,000
Naval Petroleum Reserve No. 4, Alaska	453,851	1,141,067	450,000	27,000	27,000	31,000	50,000
Public works:							
Navy	58,626,336	26,265,601	150,000,000	150,000,000	170,000,000	190,000,000	60,000,000
Bureau of Yards and Docks	−7,452	−3,074	75,000	75,000	75,000	75,000	
Construction, water supply facilities, San Diego, Calif., Navy				8,000,000	10,000,000		
Refund to the Florida Keys Aqueduct Commission			1,096,392				
Naval emergency fund				60,000	40,000		

[1] Data include estimated obligations against requested fiscal year 1952 supplemental of $38,087,000.

Appropriation title	August (estimated)	September (estimated)	October (estimated)	November (estimated)	December (estimated)	Total (estimated)
Total, direct appropriation accounts	$1,243,560,000	$1,017,150,000	$985,060,000	$994,350,000	$1,250,860,000	$15,909,416,317
Military personnel:						
Navy	208,000,000	208,000,000	208,000,000	208,000,000	208,000,000	2,528,924,758
Naval Reserve	3,000,000	3,000,000	4,000,000	5,000,000	5,000,000	49,375,525
Officer candidates, Navy	2,100,000	1,700,000	1,500,000	1,300,000	1,300,000	19,117,325
Naval personnel, general expenses	8,000,000	10,000,000	9,000,000	9,000,000	12,000,000	107,577,179
Military personnel:						
Marine Corps [1]	51,000,000	52,000,000	52,000,000	52,000,000	52,000,000	612,447,132
Marine Corps Reserve	1,400,000	1,500,000	1,500,000	1,500,000	1,500,000	12,216,696
Marine Corps troops and facilities	125,000,000	51,000,000	60,000,000	50,000,000	70,000,000	983,512,946
Aircraft and facilities, Navy	70,000,000	110,000,000	90,000,000	100,000,000	150,000,000	1,092,562,941
Construction of aircraft and related procurement, Navy	300,000,000	150,000,000	200,000,000	200,000,000	300,000,000	4,063,583,124
Ships and facilities, Navy	110,000,000	150,000,000	120,000,000	110,000,000	150,000,000	1,613,992,218
Construction of ships, Navy	7,000,000	6,000,000	4,000,000	4,000,000	5,000,000	110,577,378
Shipbuilding and conversion, Navy	100,000,000	50,000,000	50,000,000	60,000,000	80,000,000	1,210,885,395
Ordnance and facilities, Navy	80,000,000	90,000,000	85,000,000	90,000,000	110,000,000	1,281,207,585
Ordnance for new construction, Navy	4,000,000	3,000,000	3,000,000	3,000,000	3,000,000	63,362,488
Ordnance for shipbuilding and conversion, Navy	30,000,000	20,000,000	10,000,000	9,000,000	6,000,000	174,698,347
Medical care, Navy	14,000,000	15,000,000	12,000,000	13,000,000	13,000,000	114,351,439
Civil engineering, Navy	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000	215,824,449
Facilities, Navy			1,000,000	2,000,000	3,000,000	61,448,904
Research, Navy	6,000,000	7,000,000	5,000,000	4,000,000	7,000,000	61,974,733
Service-wide supply and finance, Navy	42,000,000	45,000,000	40,000,000	39,000,000	46,000,000	501,932,633
Service-wide operations, Navy	30,000,000	8,000,000	7,000,000	11,000,000	6,000,000	146,209,502
Operation and conservation naval petroleum reserves	10,000	50,000	10,000	500,000	10,000	11,975,899
Naval Petroleum Reserve No. 4, Alaska	50,000	5,000,000	50,000	50,000	50,000	7,379,918
Public works:						
Navy	30,000,000	9,900,000				844,791,937
Bureau of Yards and Docks						289,474
Construction, water supply facilities, San Diego, Calif., Navy						18,000,000
Refund to the Florida Keys Aqueduct Commission						1,906,392
Naval emergency fund						100,000

[1] Data include estimated obligations against requested fiscal year 1952 supplemental of $38,087,000

TUESDAY, MARCH 25, 1952.

Mr. SHEPPARD. The committee will come to order.

When we adjourned last evening, Mr. Wigglesworth, you had some interrogations you wished to complete.

COMPUTATION OF AMMUNITION REQUIREMENTS

Mr. WIGGLESWORTH. I notice that item 1–A is entitled "Procurement of Ammunition," and for that purpose you are asking $279,205,000 as compared with $262,578,000 in the current fiscal year. The sum requested is, in turn, broken down into several categories on page 14–10, the first of which appears to be aircraft ammunition. I would be interested to have a look at Form 519–B, if that is the correct designation, with a view to seeing how the figure of $182,861,000 for aircraft ammunition has been arrived at.

Admiral SCHOEFFEL. Mr. Wigglesworth, the form that I show you here is called 3372. It is the form, sir, dealing with one of the major items of $182 million, and we have some charts here which may be helpful if you wish to take a look at them in connection with that form. The build-up of the $182 million is shown in our back-up, page 1–C of the confidential supplement.

Mr. WIGGLESWORTH. The breakdown in the confidential supplement, page 1-C-6, breaks down aircraft ammunition into roughly 24 or 25 subdivisions. Does that mean there is one of these 519-B forms for each one of those subdivisions?

Lieutenant Commander BASH. No, sir. We prepare budget exhibits to prepare our budget estimates from, and the 519–B, which is called Form 3372 now, is a Navy form. It has the same information as the 519 in it. Forms 3372 were prepared for a portion of the items of the 1953 budget.

Mr. WIGGLESWORTH. For a portion of them?

Lieutenant Commander BASH. Yes, sir. We are requested by the Munition Board to prepare 3372's for certain items.

Mr. WIGGLESWORTH. To what extent do they apply to this item, "Procurement of ammunition"?

Lieutenant Commander BASH. There is a statement of the requirement to justify the request for funds.

Mr. WIGGLESWORTH. Page 14-9 of the justifications indicates a request for $279,205,000 for the procurement of ammunition. Now, to what extent has that computation been worked out in terms of 3372 forms?

Lieutenant Commander BASH. None, sir. They were worked out on budget exhibits, and the 3372's are taken from the budget exhibits.

Mr. WIGGLESWORTH. I understood that each type of ammunition here was computed on a Form 3372 basis, taking into account the amount of ammunition on hand at the beginning of the year and the amount expended either for peacetime or wartime during the year and the balance remaining, and that that was the way you arrived at the amount of ammunition of a given category that you request this committee to approve funds for.

Lieutenant Comander BASH. That is correct.

Mr. WIGGLESWORTH. What is the fact? I understood you to say that was not the fact.

Lieutenant Commander BASH. The budget estimates are made up on the basis of these budget estimates and part of it is a statement of requirements.

The 3372 is also a statement of requirements and is used for procurement within the Defense Department. Now, the 3372 is not made up as a budget justification: it is only a small part of it. This has the same information on it as the 3372 [indicating].

Mr. WIGGLESWORTH. I am not going to quarrel about nonmenclature. If it is not a 3372 form: I want to see the form that the computation is reflected on. How do you designate these [indicating]?

Lieutenant Commander BASH. This is called a budget exhibit.

Mr. WIGGLESWORTH. Do these budget exhibits reflect such over-all items in the computation as I just referred to?

Lieutenant Commander BASH. Yes, sir.

Mr. WIGGLESWORTH. And do they cover all of the $279,205,000 that you are requesting for the procurement of ammunition?

Lieutenant Commander BASH. They cover all of the end items involved in that, sir.

Mr. WIGGLESWORTH. In what subdivisions are they reflected? For instance, is there one for aircraft ammunition or 25 for different types of aircraft ammunition?

Lieutenant Commander BASH. There are. They are for different types of aircraft ammunition; yes, sir.

Mr. WIGGLESWORTH. Would they correspond with the breakdown here in the confidential supplement?

Lieutenant Commander BASH. Yes, sir.

Mr. WIGGLESWORTH. On 1–C–6?

Lieutenant Commander BASH. Yes, sir; they do.

Mr. WIGGLESWORTH. Where do those begin here?

Lieutenant Commander BASH. The first of these is the 20-millimeter cartridge, which is shown on line 2 of 1–C–6, $4,200,000.

Mr. WIGGLESWORTH. $4,200,000?

Lieutenant Commander BASH. Yes, sir; in the column headed to be financed in the fiscal year 1953. This statement of our gross requirements and the statement of our applicable supply to date gives us the end requirement amount to be financed in 1953, the unfinanced requirement.

Mr. WIGGLESWORTH. These figures here under gross requirements are estimates; are they not?

Lieutenant Commander BASH. Yes, sir.

Mr. WIGGLESWORTH. They do not in any sense reflect the actual experience of the previous year?

Lieutenant Commander BASH. They are estimates based on actual experience.

Mr. WIGGLESWORTH. For instance, where is the amount of this item that was on hand at the beginning of the fiscal year 1952?

Lieutenant Commander BASH. That is shown on exhibit 2 under applicable stocks. This is on 1951, and in this ammunition it is zero.

Mr. WIGGLESWORTH. Zero?

Lieutenant Commander BASH. This is a new type of ammunition.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Admiral Clexton, can you clear that up?

FORM 3372

Admiral CLEXTON. This, in large form, is a Form 3372 or 519, a requirements form.

(The matter referred to is as follows:)

REQUIREMENTS FORM 3372

SCHEDULE OF MATÉRIEL REQUIREMENTS

Primary item.
Department.

GROSS REQUIREMENT FACTOR (A)

1. Combat consumption:
   b. fiscal year 1952.
2. Initial equipment:
   a. Regular Forces:
      (1) Organizational units.
      (2) Installation support.
      (3) Training.
      (4) All other
   b. Civilian Components.
3. Peacetime consumption:
   b. Fiscal year 1952.
   c. Fiscal year 1953.
4. Levels of supply:
   a. Combat support.
   b. Peacetime basis.
5. First year of war:
   a. Initial equipment for forces to be activated during D+12.
   b. Combat and training consumption during D+12.
   c. Increas in levels of supply for support of forces in being at D+12.
6. Other approved requirements (*Itimized*).
7. Total.
8. Less stocks on hand as of 30 June 1951.
   a. Available for issue.
   b. In service.
9. Net requirements:
   a. Fiscal year 1952 and prior years (*including on order 30 June 1951*).
   b. Fiscal year 1953.
   c. Unbudgeted.

Admiral CLEXTON. The requirements form is what we are discussing. The first part, No. 1, is combat consumption in 1951 and 1952 for Korea. This procedure is carried out for all items of ammunition to determine the requirements.

Mr. SHEPPARD. What was that?

Admiral CLEXTON. In the case of this particular item shown here, the combat consumption is indicated as zero, and it would be zero in the case of any type of material that had never been furnished before.

Item 2 is for initial equipment, to equip initial forces, your regular forces. Under (a) that would be the ships and the Marine Corps, your organizational units, your installation support, your training activity, and any other miscellaneous units. Under (b) you equip your civilian components with a very small percentage of the new type equipment.

The next requirement is peacetime consumption item 3. That shows peacetime usage for the fiscal year 1951 and 1952; 1951 would be actual, and 1952 would be partially actual and partly estimated. Your 1953 consumption would be an estimate based on past experience.

Item 4 is "Levels of supply." This covers the pipeline required in (a) combat support and (b) peacetime basis.

Item 5 is an estimate to cover the first year of war, your mobilization reserve. We divide that into first (a) the Initial equipment for augmented forces. That covers the forces which will come in to being in the first year of war and must be equipped. That is an estimate of how much equipment they require.

The next is (b) Combat and training consumption, and that is the biggest item in the whole computation. This is based on actual war experience of how much of this type of equipment will be used in the first year of war for all forces that are actually engaged.

Then item (c) called Increase of supply for support of forces in being. If you have been operating in a small theater and you must increase the area of operations in war then you must increase the pipeline, and that is what this takes into account.

Any other special requirements are covered in item No. 6.

Now adding up all of the requirements we have considered, combat consumption in Korea, initial equipment for forces in being, civilian components, peacetime consumption, increase in levels of supply, and your 1 year of war requirements, you have the total requirements, No. 7.

Item No. 7 is a count of your assets. You may have on hand a certain number of pieces of equipment in stock, and you may also have substitute items which would be almost as modern. Subtracting your assets from your requirements to get net requirements, under 9 (a), you have what has been funded in prior fiscal years 1951 and 1952. Then your estimate for 1953. The remainder is the unbudgeted requirement that will be requested in future years.

Mr. SHEPPARD. Your net requirements as indicated on that chart are how much?

Admiral CLEXTON. On this chart the net requirements are 268 units. In practically all cases, the requests that Ordnance has for ammunition have gone through this process.

Admiral SCHOEFFEL. That is correct.

Admiral CLEXTON. The Bureau of Ordnance has set up their total requirements. Then, in cases where they bought some previously or have it on hand, they take this amount away, and they get their net requirements. During the budget process, when the Navy first puts its budget in on a D- to P-day concept we requested the total amount unbudgeted as requirements. Now, the budget estimate has been reduced to the point where, in most cases, we are getting 3 months of combat consumption instead of 12 months of combat consumption.

Mr. SHEPPARD. Of course, the thing that is adding to the confusion in reaching an ultimate confusion, from my point of view, is based upon the fact that we all know that you are spending money and we know you are expending material through the military efforts in the Korean situation, and yet apparently you do not show it. In the absence of that being set up mathematically so you can draw a conclusion in your final figure, you have a break-off here that does not clarify it.

Admiral CLEXTON. I believe the 3-inch 50 is a good example since it shows Korean consumption.

Admiral SCHOEFFEL. Yes, sir.

Admiral SOLOMONS. Here is a perfect example, on the 3-inch 50, in which the Form 519 has been worked out, which gives you the num-

ber of units of that item which are required. The complete story is given based upon a specific item. Then, having determined the number of units, it is transferred to a form which also specifies the dollars. So that the left side of this form in this book is the 519 or whatever number it is, and there have been added throughout this book the dollars necessary to implement that portion which will be budgeted for in 1953, sir.

Admiral CLEXTON. It should have been pointed out that the requirements form is an equipment or material form and has no dollars on it whatsoever.

Admiral SOLOMONS. If you care to go through these two, you will see that this form reflected here is 3-inch 50 ammunition. This is comparable to this form [indicating]. There is your estimated combat consumption and all of the items necessary to determine what the total requirements are, your net requirements to be budgeted for in 1953, and this [indicating] is the unbudgeted balance.

Admiral SCHOEFFEL. I have another one of these forms which bears upon a request on which there has been a large combat consumption. If the committee wishes, I would be glad to show that one to you.

Mr. SHEPPARD. Whether it be this or any other type of ammunition which is being expended, your total requirement is so much. Now, you either had a proportionate part of your total requirement in inventory or you did not. If you did have it in inventory, it is obvious that if you had to withdraw it with continuity of use then you had to replace it. Speaking of the whole picture of your inventory, whether it is guns, ammunition, or what not, if you are called upon to expend those items in Korea from inventory, you are either going to deplete the inventory to that extent and replenish it or you are going to produce it, at the same time taking some out of production and some out of inventory.

Admiral SCHOEFFEL. Yes, sir. In some cases we are replacing inventory, and in other cases we are not.

EXPENDITURES FOR AMMUNITION

Mr. WIGGLESWORTH. Suppose we take this column at the right of page 1–C–6. Take each item. Can you give us the actual expenditure of ammunition in the fiscal year 1951, your estimated expenditure for 1952 and 1953, and what you are asking for those items in 1952 and 1953?

Lieutenant Commander BASH. The first item we are budgeting for is 20-millimeter ammunition for the mark XII gun. There was no consumption in the fiscal year 1951. It is a new item.

Mr. WIGGLESWORTH. Is this the 4,200,000 you are talking about?

Lieutenant Commander BASH. Yes, sir.

Mr. WIGGLESWORTH. It looks like 20 million to me. There was no consumption in 1951?

Lieutenant Commander BASH. No, sir.

Mr. WIGGLESWORTH. What do you estimate in 1952?

Lieutenant Commander BASH. In 1952 we estimate the expenditure will be——

Mr. WIGGLESWORTH. The consumption of ammunition.

Lieutenant Commander BASH. We expect the consumption of that one to be 468,000 rounds. We estimate the expenditure in 1953 to be 4,791,100 rounds.

Mr. WIGGLESWORTH. Why should you expend 10 times the ammunition in 1953 that you did in 1952?

Lieutenant Commander BASH. Because it is a new type of ammunition for a gun that is under development, which is just being put into production.

Admiral SCHOEFFEL. There will be many more of these guns installed in 1953.

Mr. WIGGLESWORTH. You expect to use 10 times as much ammunition in fiscal 1953?

Admiral SCHOEFFEL. Yes, sir; easily.

Mr. WIGGLESWORTH. That is assuming that Korea goes on or does not go on?

Admiral SCHOEFFEL. Irrespective of that, sir. A great part of this ammunition will be expended in training, I am sure.

Mr. WIGGLESWORTH. What is next?

Lieutenant Commander BASH. We are requesting 2.8 million rounds and $4.2 million for that ammunition.

Mr. WIGGLESWORTH. What is next?

Lieutenant Commander BASH. The next is FFAR.

Mr. WIGGLESWORTH. Is that what you are asking $67.2 million for?

Lieutenant Commander BASH. Yes, sir.

Mr. SHEPPARD. What was the expenditure in 1951 for that?

Lieutenant Commander BASH. Zero.

Mr. WIGGLESWORTH. And in 1952?

Lieutenant Commander BASH. In 1952 we estimate the expenditure will be 2,000 rounds.

Mr. WIGGLESWORTH. In 1953?

Lieutenant Commander BASH. 89,000. That is also a new type of ammunition.

Mr. WIGGLESWORTH. You are going to step that up almost 4,500 percent.

Lieutenant Commander BASH. That is correct, sir.

Mr. WIGGLESWORTH. Are you going to shoot all of that ammunition, Admiral?

Admiral SCHOEFFEL. Not all of this ammunition we are budgeting for here, because we are establishing an inventory. I did not get the figure he said would be fired in 1952.

Mr. WIGGLESWORTH. He said 2,000 in the current fiscal year and 89,000 rounds in the fiscal year 1953.

Admiral SCHOEFFEL. Yes, sir. There will be a great deal of training. There is a start in 1953 of this new item.

Mr. WIGGLESWORTH. What is your next item?

Lieutenant Commander BASH. The next item is 5–HVAR rocket.

Mr. WIGGLESWORTH. What was the consumption in 1951?

Lieutenant Commander BASH. In 1951 it was 197,383.

Mr. WIGGLESWORTH. What is it for 1952?

Lieutenant Commander BASH. For 1952 it is 315,000.

Mr. WIGGLESWORTH. For 1953?

Lieutenant Commander BASH. 54,000.

Mr. WIGGLESWORTH. You are cutting down on that?

Lieutenant Commander BASH. That is assuming Korea ends.

Mr. WIGGLESWORTH. The next one is a small one; is it not? You are only asking $1 million for that.

Lieutenant Commander BASH. Yes, sir. The next is 1,000 GP bombs.

Mr. WIGGLESWORTH. Let us go down to this $15 million item. What is that?

Lieutenant Commander BASH. In 1951 we expended 133,797.

Mr. WIGGLESWORTH. And for 1952?

Lieutenant Commander BASH. For 1952 we expect to expend 195,156.

Mr. WIGGLESWORTH. And in 1953?

Lieutenant Commander BASH. Zero.

Mr. WIGGLESWORTH. You are asking $15 million for that; are you not?

Admiral SCHOEFFEL. That is for the replenishment of inventory.

Mr. WIGGLESWORTH. You are not going to use any of it; it is just for inventory?

Admiral SCHOEFFEL. That nonuse is based, of course, upon the assumption that Korea will be ended by that time.

Mr. WIGGLESWORTH. On that assumption you are going to put $15 million worth of this in your inventory; is that it?

Admiral SCHOEFFEL. Yes, sir.

Mr. WIGGLESWORTH. You will not use any of it?

Admiral SCHOEFFEL. On that assumption, it will not be used.

Mr. WIGGLESWORTH. How much do you have on hand now?

Lieutenant Commander BASH. We have on hand as of last June, 10,748.

Mr. WIGGLESWORTH. What—units?

Lieutenant Commander BASH. Bombs.

Mr. WIGGLESWORTH. How many is this $15 million going to give you?

Admiral SCHOEFFEL. 100,000, sir.

Mr. WIGGLESWORTH. You have 10,000, and you want 100,000 more for inventory?

Captain MASTERSON. This is a high consumption rate item in the Korean war right now. It has just picked up again. The average consumption rate is 2,500 a week right now. As of last month we had 22,000 in inventory. We had bought some extras, and at that consumption rate we have just placed a new order for 55,000 with current funds to carry the Korean war effort to August or September of next year if the greater consumption rate continues. We do have difficulty obtaining bombs fast enough for this budget to pick up at the end what we have now ordered.

Mr. WIGGLESWORTH. Can you furnish for the committee, without taking the time here, a table that will show the units consumed or to be consumed in 1951, 1952, and 1953 for each one of these types of ammunition that you desire to procure, the amount of the inventory as of the end of the fiscal years 1951, 1952, and 1953 assuming this report is allowed?

Admiral SCHOEFFEL. We can certainly do that, sir, but I would like to object on the basis of security reasons.

Mr. WIGGLESWORTH. I asked for it for the committee, not for the record.

Admiral SCHOEFFEL. Yes, sir.

Mr. SHEPPARD. Supply it for the use of the committee.

Mr. WIGGLESWORTH. I want that so that we can see the inventory on hand at the end of each of the three fiscal years and the amount of ammunition actually utilized, in each of the three fiscal years—the actual or the estimated amount.

Admiral SCHOEFFEL. Yes, sir.

PROCUREMENT OF MINES, DEPTH CHARGES, ETC.

Mr. WIGGLESWORTH. Under item 1–B, "Procurement of mines, depth charges, nets, and degaussing," shows a material decrease, from $75.7 million in 1952 to $19.8 million in 1953. I notice you are going up pretty rapidly on your inspection charges for 2 years and also on transportation to first destination. Why are those items increasing over $1 million when your actual procurement is decreasing so materially?

Admiral SCHOEFFEL. In general terms, sir, because of the fact that inspection deals with the material that was purchased with earlier-year appropriations, the same thing is true of transportation.

We have the complete story on inspection and transportation here if you wish to have us give it to you, sir.

Mr. WIGGLESWORTH. I notice that inspection in dollars goes from $482,000 in 1951 to $687,000 in 1952 up to $1,120,000 in 1953.

Admiral SCHOEFFEL. This is work on the output of prior-year appropriations, Mr. Wigglesworth.

INSPECTION EMPLOYMENT

Mr. WIGGLESWORTH. How many more people are you putting on for this inspection work?

Admiral SCHOEFFEL. Captain Lubelsky.

Captain LUBELSKY. That is on page 1–C–50 in the confidential book.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. I want to know how many more people you are going to put on for this work for which you want $1,120,000 for 1953 as compared with $687,000 in 1952.

Captain LUBELSKY. I might explain by saying——

Mr. WIGGLESWORTH. All I want is the number.

Captain LUBELSKY. I cannot give them by the individual programs. The way this inspection cost has been arrived at was we studied first the total inspection requirement, because that is the basis on which we are able to calculate our fiscal needs. Then, having calculated the total inspection cost, which is given on page 1–1, we broke those down on a proportionate basis to the individual programs.

Mr. WIGGLESWORTH. How many people will this money take care of?

Captain LUBELSKY. For the entire fiscal year it will take care of 194 man-years.

Mr. WIGGLESWORTH. One hundred and ninety-four man-years?

Captain LUBELSKY. For 1953 we will have a total of 1,398 man-years.

Mr. WIGGLESWORTH. 1,398?

Captain LUBELSKY. 1,398, yes, sir, as compared to 1952 with 689, plus 526, or 1,215.

Admiral SCHOEFFEL. May I speak off the record?

Mr. SHEPPARD. Yes.

(Discussion off the record.)

Mr. WIGGLESWORTH. It is pretty hard for this committee to make any sense out of the figures submitted.

Captain LUBELSKY. I would like to point out that that is the reason why inspection was set up as a separate presentation, in order to show how we arrived at the total cost of inspection, which is an accurate figure.

Mr. WIGGLESWORTH. Are you intending to justify inspection on a basis of its own?

Captain LUBELSKY. That had been proposed; yes, sir. That is what we had in mind to do, to show you how we arrived at the total inspection cost.

Mr. WIGGLESWORTH. It keeps appearing in project after project, and nobody knows what it means.

Captain LUBELSKY. The original intent there was to present the totality first so that you would in one explanation get the total, and then take up the individual projects.

Mr. WIGGLESWORTH. I should think that each individual project would require a certain number of inspectors, according to the workload involved. I do not know how you can arrive at an over-all totality and then break it up into forces or programs.

Captain LUBELSKY. The validity of the figures is more accurate on the totality, because most of it is based on the total delivery receipts in our inspection service against which we have many years of experience for general classes of goods which we inspect for. This is more accurate than taking each individual program separately and pulling them into the composite picture.

Mr. WIGGLESWORTH. The impression this item make on me is that you are asking for a lot more inspection work for a workload in dollars which is about the same.

INCREASE IN PROCUREMENT OF TORPEDOES

Under project C you have an increase to $75,571,000 in 1953 from $30,447,000 in 1952. That is for the procurement of torpedoes.

Captain LUBELSKY. As Admiral Schoeffel has indicated, the actual cost of inspection within any given fiscal year is very slightly related to the actual budget request for that fiscal year, but it is tied more directly to the previous 2-year procurement because of the time involved.

Mr. WIGGLESWORTH. I am looking at the past 2 years.

Captain LUBELSKY. For 1952 our estimated total deliveries were $634,500,000.

Our estimated deliveries total for 1953 is $854,400,000, so that throughout the total picture we will be doing more inspections.

Mr. WIGGLESWORTH. Although you are spending only $19,000,000 in 1953 as compared to $75,000,000 in 1952?

Captain LUBELSKY. That is an example of the breakdown between those years and the procurement.

Mr. WIGGLESWORTH. I think we have discussed that inspection item enough, particularly since it does not stand on its own feet. I was

trying to push along to 1–C, which has to do with the procurement of torpedoes.

Admiral SCHOEFFEL. May I point out, sir, that the justification of the inspection starts on page 1C–52 of our confidential supplement and then on page 1C–53. It shows a proportion of the various headings, and then, starting on page 1C–53, it shows the justification of transportation on that page.

Mr. WIGGLESWORTH. You are talking about torpedo inspection now, Admiral?

Admiral SCHOEFFEL. No, sir; I am talking about our over-all justification, and then showing how it is apportioned.

Mr. SHEPPARD. What particular page has to do with torpedoes at the moment, please?

Admiral SCHOEFFEL. In the regular book?

Mr. SHEPPARD. No; I am talking about your confidential report where your breakdown appears in man-hours.

Admiral SCHOEFFEL. The breakdown is shown for torpedoes, the proportion for torpedoes on 1C–52 for inspection, and for transportation on 1C–53.

Mr. SHEPPARD. But the gentleman is addressing his question directly to torpedoes.

Admiral SCHOEFFEL. Yes, sir; torpedoes.

Mr. WIGGLESWORTH. The main item of this $75,000,000 requested is $16,793,000 for torpedoes, which is about three times the amount you are asking for this year.

Admiral SCHOEFFEL. Yes, sir.

Mr. WIGGLESWORTH. What is the explanation of that?

Admiral SCHOEFFEL. Because we have a considerable number of new torpedoes coming into service and use.

Mr. WIGGLESWORTH. More torpedoes, or more expensive torpedoes, or what?

Admiral SCHOEFFEL. More torpedoes of expensive types, sir, particularly antisubmarine torpedoes which are coming into use.

Mr. WIGGLESWORTH. The guided missile item, I think, has been explained off the record.

PROCUREMENT OF ORDNANCE EQUIPMENT

What is item 1E, procurement of ordnance equipment, for which you want $88,000,000 in 1953?

Admiral SCHOEFFEL. That is shown in the confidential supplement beginning on page 1C–29, and running through 1C–35.

Mr. WIGGLESWORTH. Then you have $6,500,000 for inspection and transportation compared with about $1,300,000 2 years ago.

Admiral SCHOEFFEL. Yes, sir; that results from the delivery of the material resulting from the funding in 1951 or 1952. Material is being delivered from those funds first.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

FACILITIES TO EXPEDITE PROCUREMENT

Mr. WIGGLESWORTH. Under project 1–F, "Facilities to expedite procurement," you are requesting $50,000,000 in 1953, compared with $145,000,000 in the current year.

Admiral SCHOEFFEL. That is shown, sir, in the confidential supplement beginning on page 1–C–38 and continuing to 1–C–46.

Mr. WIGGLESWORTH. What does that mean? You say procurement of facilities to expedite procurement. In the case of ammunition, for instance, is that storage or production?

Admiral SCHOEFFEL. No, sir; it is production facilities. It is largely machine tools, gages, and some brick and mortar.

Mr. WIGGLESWORTH. All of these are production facilities?

Admiral SCHOEFFEL. Yes, sir.

Mr. WIGGLESWORTH. Will this give us what we need in these terms, or is this a program that is going on expanding year after year?

Admiral SCHOEFFEL. It will give us our known needs at the present time, sir.

However, I cannot give you an assurance there will not be a further request in 1954, or subsequently.

Mr. WIGGLESWORTH. That is all.

Mr. SHEPPARD. I would like to ask you a closing question on this issue.

I find represented in both the Bureau of Aeronautics and the Bureau of Ordnance a guided-missiles requirement. Where is the line of demarcation between the two Bureaus in the guided-missiles procurement operation?

Admiral SCHOEFFEL. In the guided-missiles procurement operation the line of demarcation follows, of course, the assignment by the Chief of Naval Operations of the development of a missile to one Bureau or the other. We are naturally asking for only the production of those guided missiles whose development was assigned to us by the Chief of Naval Operations and the Bureau of Aeronautics is asking only for theirs.

Mr. SHEPPARD. In other words, you are functioning as a service bureau and subject to the requirements that emanate from another echelon?

Admiral SCHOEFFEL. Yes.

TOTAL GUIDED MISSILES ESTIMATES

Mr. SHEPPARD. Admiral Clexton, I wish that you would have inserted in the record at this point the total amounts for all of Navy for research and development, facilities, and so forth, and amounts for procurement by appropriations, on guided missiles exclusively.

Admiral CLEXTON. Yes.

(The material referred to is as follows:)

Guided missile production programs, fiscal years 1951, 1952, and 1953

Appropriation and program item	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953
Total	266,016,966	203,907,899	395,934,000
(a) Production of missiles	130,723,474	106,286,899	236,421,000
(b) Facilities	65,373,000	29,500,000	45,000,000
(c) Research and development	46,744,000	55,588,000	80,032,000
(d) Other costs	23,176,492	12,533,000	34,481,000
Ordnance and facilities, Navy	133,429,966	156,332,399	188,911,000
(a) Production of missiles	64,908,474	88,724,399	119,263,000
(b) Facilities	36,220,000	29,500,000	17,000,000
(c) Research and development	31,572,000	37,275,000	50,762,000
(d) Other costs	729,492	833,000	1,886,000
Construction of aircraft and related procurement, Navy	91,096,000	17,562,500	120,158,000
(a) Production of missiles	61,943,000	17,562,500	92,158,000
(b) Facilities	29,153,000		28,000,000
(c) Research and development			
(d) Other costs			
Aircraft and facilities, Navy	35,041,000	18,313,000	61,865,000
(a) Production of missiles			
(b) Facilities			
(c) Research and development	15,172,000	18,313,000	29,270,000
(d) Other costs	19,869,000		32,595,000
Marine Corps troops and facilities	6,450,000	11,700,000	25,000,000
(a) Production of missiles	3,872,000		25,000,000
(b) Facilities			
(c) Research and development			
(d) Other costs	2,578,000	11,700,000	

Maintenance of Ordnance and Ammunition

Mr. Sheppard. We will take up budget activity No. 2, "Maintenance of ordnance and ammunition." This is reflected on page 14–66 of your justifications. Your estimate for 1953 is $104,825,000. Your estimate for 1952 was $114,063,000. This reflects a decrease of $39,238,000.

We will insert page 14–66 in the record at this point.

(The tabulation referred to is as follows:)

Maintenance of ordnance and ammunition

No.	Project	1951 actual	1952 estimate	1953 estimate
2A	Maintenance and improvement of naval ordnance	$39,453,096	$68,570,000	$62,365,000
2B	Maintenance and overhaul of ammunition	56,110,097	69,687,000	38,900,000
2C	Surveillance and quality control	2,002,502	2,300,000	3,000,000
2D	Advance base components	967,113	3,093,000	
2E	Standardization	327,000	413,000	560,000
	Total direct obligations	98,859,808	144,063,000	104,825,000

Note.—Unexpended balance: The unexpended balance under activity 2, "Maintenance of ordnance and ammunition" on Dec. 31, 1951, was $122,582,367.

Maintenance and Improvement of Naval Ordnance

Mr. Sheppard. We will take up the first project, "Maintenance and improvement of naval ordnance." Your estimate for 1953 is $62,365,000. Your estimate for 1952 was $68,570,000. This shows a decrease of $6,205,000.

Briefly tell me the necessity of having maintenance of ordnance.

Admiral SCHOEFFEL. The largest item reflected in here is "Technical ordnance matériel," $28,510,000 which is essentially spare parts. Obviously, it is necessary to maintain spare parts for the use of the service.

The next largest item is the maintenance of equipment in store. We have a very large inventory of ordnance equipment in store which requires maintenance to prevent its deterioration.

The next largest item is the overhaul of equipment for reissue. We naturally issue equipment from this inventory, either to vessels being reactivated or to the Active Fleet, and it must be assured this matériel is in thorough working condition before it is issued.

Is that adequate, sir?

Mr. SHEPPARD. For the moment: yes.

I wish that you would address yourself to the reduction reflected in your 1953 estimate over your 1952 estimate. What does that indicate, a less requirement or less maintenance or less overhaul?

Admiral SCHOEFFEL. It indicates less requirement, particularly in the overhaul of equipment for reissue, sir.

CONTRACT SERVICE ENGINEERS

Mr. SHEPPARD. I notice reflected on page 14–68 of the justifications that you are carrying contract service engineers and that you are requesting $1,530,000. There is an increase in this particular operation. When you say "contract engineers," am I right in assuming that you mean engineers that you employ over and above those of the regular service?

Admiral SCHOEFFEL. They are engineers contracted for with the manufacturers of the material. They are the manufacturers' service engineers, and we are contracting for their services to assist us in maintenance and the introduction of new material in the service.

Mr. SHEPPARD. You feel that in utilizing this personnel you are getting the benefit of people who have had experience in this field?

Admiral SCHOEFFEL. Yes.

They have proven themselves to be of the greatest assistance at innumerable times.

MAINTENANCE AND OVERHAUL OF AMMUNITION

Mr. SHEPPARD. We will take up project 2B, "Maintenance and overhaul of ammunition." You are asking for $38,900,000 in 1953 and you had $69,687,000 in 1952. You show a decided drop in this project. We all know that you have to operate in the maintenance and overhaul category if you are going to keep your ammunition available for application. Why the decrease?

Admiral SCHOEFFEL. The decrease is primarily in the modification, renovation, and modernization of ammunition.

The large amount of funds that were given us in 1951 and 1952 have permitted us to essentially wipe out the backlog of that work.

Mr. SHEPPARD. Am I to assume from that there is a day in the future when this work will not be continuing?

Admiral SCHOEFFEL. No, sir, because of the fact that work of this nature is constantly self-generating.

Mr. SHEPPARD. This shows a decline in the requirement at this time and is reflected in your budget.

Admiral SCHOEFFEL. Yes.

SURVEILLANCE AND QUALITY CONTROL

Mr. SHEPPARD. We will take up item 2C, "Surveillance and quality control." You are asking for $3,000,000 in your 1953 estimate. Your 1952 estimate was $2,300,000. This shows a $700,000 increase. What does the word "surveillance" mean?

Admiral SCHOEFFEL. It is the constant watching of the quality of ammunition, particularly of propellants and explosives. Samples are kept under constant observation.

Mr. SHEPPARD. In other words, you do not call upon the inspectors to do this particular job, but it is a continuity of function within the depot, or the warehouse where the ammunition is stored, and the responsibility falls on someone else other than the Inspection Bureau?

Admiral SCHOEFFEL. That is right, sir.

Mr. SHEPPARD. What type of personnel is assigned to the duty of surveillance?

Captain LUBELSKY. We maintain, sir, five quality control laboratories. Our head engineer is a very competent ordnance engineer who has definite product knowledge. He understands the cause and effect relationship of our ordnance. Under him he may have specialists in the field of chemistry and in the field of mechanics. He will have a very good instrumentation man who can set up special equipment to detect certain causes and effects which are not easily visually anticipated.

In addition to that he has a corps of work people who can do the physical testing once the test procedure has been laid out and routinized.

Mr. SHEPPARD. We all know that ammunition is sensitive under certain conditions, and sensitive under climatic applications. We know that a continuity of this type of function has to be performed, and I assume from your statement that while you have a central laboratory that is a control factor, you maintain in the field men who are specialists in this category and they are constantly watching the condition of that inventory?

Captain LUBELSKY. That is right, sir.

ADVANCE BASE COMPONENTS

Mr. SHEPPARD. You have nothing for advance base components in 1953. You had $3,093,000 in 1952. Why do you not need an appropriation in 1953?

Admiral SCHOEFFEL. Although the Chief of Naval Operations has a program for 1953, we have on hand an adequate inventory to supply the pieces that will be required to fill out our part of his requirements.

Mr. SHEPPARD. Are those components all stored State-side, or are they dispersed State-wide and operational externally?

Captain FLYNN. All State-side.

STANDARDIZATION

Mr. SHEPPARD. We will take up the next item, "Standardization." You are asking for $560,000. Your estimate for 1952 was $413,000. What function is exercised under the title "Standardization"?

Admiral SCHOEFFEL. Standards encompasses the development, recording, publication, and promulgation of standardization agreements among the bureaus of the Navy, the services of the Army and the Air Force in the following areas: Engineering standards, equipment standards, material standards, and process standards.

The Munitions Board has established programs which require the active participation of all branches of the National Military Establishment, including our Bureau.

Mr. SHEPPARD. I notice that the next to last paragraph on page 14–84 states:

> Specifications project contemplate the establishment and maintenance of a single series of purchase documents to be known as military specifications, that will describe each item of supply purchased by the Military Establishment, except items covered by Federal specifications.

Is this item in any manner related to the cataloging program, and if so, to what degree?

Captain FLYNN. The specification project is the Munitions Board's standardization program, which has a target date set for 1955.

The cataloging program, insofar as the Bureau of Ordnance is concerned, has now been transferred to the Bureau of Supplies and Accounts.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Is there any operation evidenced in this budget activity No. 2, to-wit, maintenance of ordnance and ammunition, that is an innovation compared to your past budgets?

Captain FLYNN. No, sir.

Mr. FERNANDEZ. Could you give us approximately the proportion of surveillance, and so forth, appropriation which is used to pay for expendable items destroyed in conducting the tests?

Captain LUBELSKY. That is broken down. We have a breakdown of that, sir, on page 14–82 and in more detail on pages 228 and 229. I can give you a complete listing of those. I can read them off, if you wish, or I can give you examples.

Mr. FERNANDEZ. I would be interested in knowing how much of that amount is used for expendable items destroyed.

Captain LUBELSKY. Totally, for 1953, there will be $44,000 of expendable material.

Mr. WIGGLESWORTH. While, I think of it, the data in respect to inspection costs, support of ordnance and facilities, Navy budget estimates, seems to be included in the confidential supplement. I do not know why that should be confidential, but if it must be I shall appreciate it if when you revise your remarks in connection with the discussion of that item you will insert the man-years and dollar totals for the fiscal years 1951, 1952, and 1953, which are included in those tables.

Admiral SCHOEFFEL. Yes.

(The information referred to is as follows:)

Summary of inspection costs

No.	Project	1951 actual	Man-years	1952 estimate	Man-years	1953 estimate	Man-years
1A	Procurement of ammunition	$2,061,327	208	$3,649,000	670	$5,257,000	963
1B	Procurement of mines, depth charges, nets, and degaussing	482,528	49	687,000	125	1,120,000	206
1C	Procurement of torpedoes	203,170	20	436,000	80	548,000	101
1D	Procurement of guided missiles	427,503	43	529,000	97	1,006,000	183
1E	Procurement of ordnance equipment	1,058,177	108	1,309,000	243	3,497,000	640
	Total	4,232,705	428	6,610,000	1,215	11,428,000	2,093

INCREASE IN CONTRACT SERVICE ENGINEERS

Mr. WIGGLESWORTH. Now, coming to "Maintenance and improvement of naval ordnance," item 2A, the chairman has referred to the contract service engineer item which I notice goes from $372,642 in 1951 to $865,000 in 1952 to an estimate of $1,530,000 for 1953.

Why should that trend be present when your over-all job here, as reflected in dollars, is decreasing?

Admiral SCHOEFFEL. Because of the increasing number of systems in the fleet, sir. As an example, I will take one gunfire control system where the number will increase from 200 in 1952 to 400 in 1953. Another highly important thing is the antisubmarine warfare system of which there are none in the fleet of 1952 and there will be some 21 of that, or similar types, in 1953.

Mr. WIGGLESWORTH. How many systems do you have where you want to employ these contract service engineers?

Admiral SCHOEFFEL. Well, the two that I have mentioned. We have gone up on one, as I say, from 200 in 1952 to 400, and none of the others are actually in service in the fleet in 1952.

Mr. WIGGLESWORTH. How many of these systems do you have now with respect to which you want to employ these engineers?

Admiral SCHOEFFEL. Eighteen, sir.

Mr. WIGGLESWORTH. That is in 1953?

Admiral SCHOEFFEL. Yes.

Mr. WIGGLESWORTH. How many do you have in the current fiscal year?

Admiral SCHOEFFEL. Eight, sir.

Mr. WIGGLESWORTH. How many of these contract engineers are you going to pay with this $1,530,000?

Admiral SCHOEFFEL. I am sorry, sir, but we do not have the figures.

Mr. WIGGLESWORTH. How did you arrive at it?

Admiral SCHOEFFEL. Captain Flynn, how did you arrive at the figures on the contract engineers?

Captain FLYNN. On the basis of past experience, the number of hours that are required, or have been required in the past.

Mr. WIGGLESWORTH. That must be translated into man-years; is that not so, or man-hours?

Captain FLYNN. It can be translated into man-hours. We do not have that figure available right now.

Mr. WIGGLESWORTH. How did you get this figure? Did you just reach up in the air for it? How do you know that you need $1,530,000 for contract engineers?

Captain FLYNN. From past experience, sir.

Mr. WIGGLESWORTH. But you do not know how many that is.

Captain FLYNN. I do not have that figure with me, sir.

INCREASE IN MAINTENANCE OF EQUIPMENT IN STORE

Mr. WIGGLESWORTH. Why does the item, "Maintenance of equipment in store," show a constant upward trend, from $7,294,000 in 1951 to $9,774,000 in 1952 to an estimated $11,503,000 in 1953?

Admiral SCHOEFFEL. The justification is given on pages 13 and 74. Captain Flynn, you may give further information as to why these figures are on an upward trend.

Captain FLYNN. The amount of equipment in store, particularly the guns, are overhauled approximately once in 5 years, and some of our larger equipments are due for that overhaul now. We have them delineated.

Mr. WIGGLESWORTH. It seems to be going steadily up. I would think under present conditions that it would more or less level off.

Captain FLYNN. Quite a few equipments that were in store were placed in store with the minimum of preservation immediately, and several years after the war, which we now intend to give cyclic maintenance attention to.

INCRESAE IN MATERIAL AND IMPROVEMENT OF ORDNANCE

Mr. WIGGLESWORTH. Why does the item "Material and improvement of ordnance" go up 60 percent, or 150 percent in 2 years?

Admiral SCHOEFFEL. The justification for that item is shown in some detail on page 14–75, and the largest part of this item is to be for the alteration of 333 gunfire-control directors at an estimated cost of $5,000,000. This is material for the accomplishment of "ordals," which are alterations to ordnance equipment required, either for safety or for considerable improvements in their operability.

Mr. WIGGLESWORTH. Do you consider that maintenance work?

Admiral SCHOEFFEL. It has been carried under this heading. The title is "Maintenance and Improvement of Ordnance," sir. It is considered improvement.

BASIS FOR THE ESTIMATES

Mr. WIGGLESWORTH. Item 2B is for maintenance and overhaul of ammunition. That is about what you have been doing under 2A?

Admiral SCHOEFFEL. No, sir; 2A has to do with what is generally known as ordnance equipment—guns, fire-control systems and things of that nature, whereas, 2B has to do with ammunition as such.

Mr. WIGGLESWORTH. How did you figure out these amounts? Is it on a measurement work-unit basis? How do you determine that you need $8,340,000 for maintenance and preservation of ammunition in 1953?

Captain MASTERSON. We have the total tonnage of ammunition that we expect to handle to work over a year's period in order to have an

annual 5-year cycle of inspection, preservation, derusting, and general upkeep of ammunition. We have the average cost that it takes to do that work, and we have a breakdown that shows the total tonnage that we expect to work over and the average cost figure for that.

On the maintenance and preservation, it is around 525,000 tons that we expect to work over in the fiscal year 1953 to give us the 5-year cycle, and that $8,340,000 is the cost as it is based on reports from the stations of what it costs them to work over that much ammunition.

Mr. WIGGLESWORTH. In other words, if you have had so much manpower and so much equipment that has been applicable to X tons in the last fiscal year, and you have two X tons to handle this year, you reached the result mathematically by multiplying by two?

Captain MASTERSON. That is right, sir.

Mr. WIGGLESWORTH. And if X was wrong, then two X is also wrong?

Captain MASTERSON. That is right.

Mr. WIGGLESWORTH. What does the item of receipt, stowage, and issue of ammunition mean? Is that a similar computation?

Captain MASTERSON. That is a similar computation.

SURVEILLANCE AND QUALITY CONTROL

Mr. WIGGLESWORTH. Under 2C there is a breakdown on page 14–82, surveillance and quality control. You want $3,000,000 in 1953 and the estimate for 1952 was $2,300,000. I do not get much light from that breakdown. What does it mean?

Captain LUBELSKY. On page 14–82 there is a breakdown between actual labor increase and new equipment required. The labor increase accounts for a total of 152 people for operating ,and the total equipment cost is $931,000 as opposed to $984,000 in the previous year. Primarily the increase in cost is for the additional people.

Mr. WIGGLESWORTH. What are these, different laboratories?

Captain LUBELSKY. The laboratories and activities that carry on this work for us.

Mr. WIGGLESWORTH. You have given us for about a dozen laboratories a figure on operating cost and a figure representing equipment and material for 3 years. I notice that the operating cost as a whole has increased from $1,127,062 in 1951 to $1,278,000 in 1952 to $3,025,000. What does that include? Is that salaries, or does that include other expenditures, also?

Captain LUBELSKY. That is salaries, sir.

Mr. WIGGLESWORTH. Exclusively salaries?

Captain LUBELSKY. That is right, sir.

Mr. WIGGLESWORTH. There is no transportation of things or tavel or communications, or anything like that in there?

Captain LUBELSKY. No, sir. That is strictly salaries.

Mr. WIGGLESWORTH. How many people does that figure of $2,025,000 represent?

Captain LUBELSKY. Four hundred and five people.

Mr. WIGGLESWORTH. How many people do we have this year?

Captain LUBELSKY. In 1952 we will have 251 at the fiscal year end.

Mr. WIGGLESWORTH. As of June 30, 1952?

Captain LUBELSKY. That is right.

Mr. WIGGLESWORTH. And you want 405 in the fiscal year 1953?

Captain LUBELSKY. That is right.

Mr. WIGGLESWORTH. How did you arrive at that figure?

Captain LUBELSKY. That figure is arrived at individually by the laboratory from the work assignment. They have standard routines for every class of ammunition which directs them to sample their stocks at regular intervals; predetermined intervals. These work assignments, or these patterns are given to them by the Bureau of Ordnance. Upon the basis of their anticipated schedules for 1953 as compared to their known schedules, the number of actual pieces which they must test in 1953, they have again used the same multiplication factor that you mentioned before.

Mr. WIGGLESWORTH. Does this mean there is going to be almost double the ammunition to keep tab on in 1953?

Captain LUBELSKY. Not actually double the ammunition. It means two things—there is going to be an increase in the ammunition class, and also we are entering into new fields of surveillance which we have not controlled in the past. We are going also into the field of more complex gear which until now we have simply studied the procedures for and we are now ready to apply those procedures to practice.

Mr. WIGGLESWORTH. Either on or off the record give us an example of those new fields.

Captain LUBELSKY. I can give you several. For example, we have gone into a very large program on the VT fuze to keep consistent with our increased production. We have gone into surveillance on fire control.

Mr. WIGGLESWORTH. Do you mean this is a new type or more work?

Captain LUBELSKY. It is both new and more work. We have undertaken new procedures in the VT fuze field. We have entered into a completely new field of controlling heavy equipment such as fire control, guns, and mounts.

We are entering into the field of guided-missile components. That will not actually be at the test level this year, but this year will represent quite an expenditure in developing the necessary equipments and the necessary procedures so that in the future we will be able to control by test our evaluation of guided missiles.

Those are typical examples, sir.

INCREASE IN STANDARDS AND SPECIFICATIONS

Mr. WIGGLESWORTH. Why does your request for standards and specifications continue to increase? Is not that a type of work that should also level off?

Captain FLYNN. Yes. The target date of the Munitions Board is 1955, and we are attempting to meet it by accelerating our activities.

Mr. WIGGLESWORTH. You mean to complete the preparation of standards and specifications?

Captain FLYNN. Yes.

Mr. WIGGLESWORTH. That is all.

MAINTENANCE AND OPERATION OF FACILITIES

Mr. SHEPPARD. We will take up the next budget activity reflected on page 14–116 of the justifications, "Maintenance and operation of facilities."

The 1953 estimate is for $58,028,000. Your estimate for 1952 was $62,407,000. This reflects a decrease of $4,379,000.

We will insert pages 14–116, 14–117, 14–118, and the first half of page 14–119.

(The pages referred to are as follows:)

No.	Project	1951 actual	1952 estimate	1953 estimate
3A	Naval ammunition depots	$20,778,515	$20,815,000	$18,620,000
3B	Naval magazines	2,950,230	3,170,000	2,870,000
3C	Naval ordnance plants	4,294,000	3,375,000	3,300,000
3D	Naval net depots	376,885	610,000	600,000
3E	Naval degaussing stations	287,206	417,000	428,000
3F	Naval research activities	11,386,899	13,400,000	12,325,000
3G	Miscellaneous ordnance activities	13,469,143	18,140,000	17,500,000
3H	Ordnance departments at naval stations	377,215	415,000	400,000
3I	Ordnance facilities at overseas bases	763,000	2,065,000	1,985,000
	Total direct obligations	54,683,093	62,407,000	58,028,000

PURPOSE AND SCOPE OF WORK

The Bureau of Ordnance is vested with managerial control of and is assigned responsibility for providing maintenance at 16 naval ammunition depots, 4 naval magazines, 7 naval ordnance plants, 2 naval net depots, 7 naval research activities, and 6 miscellaneous activities as follows: Naval Gun Factory, Naval Powder Factory, Naval Mine Depot, Naval Ordnance Depot, Naval Underwater Ordnance Station, and Central Torpedo Office. In addition, funds are provided under this program for support of one ordnance storage facility located at a station under the management control of the Bureau of Aeronautics, for ordnance department at five naval stations under the management control of the Office of the Chief of Naval Operations, and for ordnance facilities and functions at overseas bases.

This program provides for routine maintenance at the ordnance stations and for that portion of operational costs which is fixed and would be required to support the stations in a reduced operational status. Routine maintenance embraces the physical upkeep and repair of railroads, roads, buildings, grounds, utility distribution lines, locomotives, rolling stock, vehicles, and other facilities and equipment, in the degree and to the extent required to sustain them in a usable and satisfactory condition, but without assuming the additional maintenance responsibilities resulting from the performance of productive work at the stations. Operational costs included are those which would accrue regardless of the level of operations, they embrace fire-fighting personnel and that part of the expense for security, administration, supply and fiscal services, ordnance offices, public works offices, personnel facilities, transportation services, communications, and utilities which is not distributable to productive expenditure authorizations.

The fiscal year 1953 requirements under this program are based on analysis of prior and current year expenditures carefully projected to cover proposed levels of activity through fiscal year 1953. Reductions indicated in fiscal year 1953 reflect savings in maintenance requirements resulting from major rehabilitation and repair programs of prior years, primarily in the replacement of over-age and defective material-handling equipment, major programs involving the rehabilitation of railroad trackage and right-of-way, extensive erosion-control projects, replacement of utility distribution lines and equipment, and procurement of new railroad rolling stock and automotive vehicles to replace obsolete transportation equipment previously maintained at high repair cost.

The maintenance and operating cost categories encompass the following functions:

(*a*) "Administration" includes labor, material, and consumable supplies for the maintenance and operation of general administrative offices and other offices performing special functions such as supply and fiscal, ordnance, public works, fire department, safety, and security. Maintenance and operation of service shops, supply warehouses, and other storage buildings are included also.

(*b*) "Transportation" includes labor, material, and consumable supplies required for the maintenance and operation of passenger-carrying vehicles, ambulances, trucks, tractors, fire and crash trucks, cranes, trailers, floating equipment, construction equipment, material-handling equipment, locomotives, railroad cars, trackage, garages, and transportation offices.

(c) "Water front and water-front structures" include minor dredging operations, labor and material for the maintenance, upkeep, and repair of wharves, piers, sea walls, ferry slips, shipways, fleet moorings, and floating cranes, pile-drivers, and barges.

(d) "Personnel facilities" include labor, material, and consumable supplies for the maintenance, upkeep, and repair of barracks, galleys, mess halls, quarters, dormitories, dispensaries, laboratories and other medical facilities, cafeterias, chapels, and recreation buildings.

(e) "Ground and ground structures" include labor and material for the maintenance, upkeep, and repair of streets, roads, walks, curbs, gutters, culverts, ditches, barricades, traffic signals, street lighting systems, street cleaning, paved areas, wooded areas, parkways, bridges, trestles, sewerage and storm drainage facilities, trash and garbage disposal, incinerators, snow removal, magazines, pest control, and cemeteries.

(f) Utilities include purchase of services from commercial sources, and labor and material for the maintenance, repair, and upkeep of buildings and exterior distribution lines for steam, steam heat, hot water, electric current, pneumatic power, and air conditioning. Also included is maintenance of air compressors, gas distribution systems, and buildings for pumping, treatment, storage, and distribution of fresh and salt water, and sewage pumping and treatment plants.

(g) Miscellaneous includes cost of commercial tolls and leased lines, cost of packing and handling of household effects, maintenance and repair of idle plant buildings and buildings used for storage of war reserve equipment, and maintenance and repair of radio communication, intercommunication, and telephone systems.

UNEXPENDED BALANCE

The unexpended balance under activity 3, "Maintenance and operation of facilites" on December 31, 1951, was $38,382,898.

NAVAL AMMUNITION DEPOTS

Mr. SHEPPARD. We will take up the first item, 3A, "Naval ammunition depots." Your estimate for 1953 is $18,620,000. The estimate for 1952 was $20,815,000. This shows a decrease. What are your justifications, and what is your operation in naval ammunition depots as expressed here?

Admiral SCHOEFFEL. The operation in naval ammunition depots is primarily that of the receipt, storage, maintenance, and issue of ammunition. The decrease results primarily from the heavy funding in 1951 and 1952 under the heading "Improvements and alterations of facilities," and although there will be an increase in the amount of work done in the naval ammunition depots, we will be able to operate them more economically than has been the case in the past.

Mr. SHEPPARD. What is there about this particular item that is new as compared with your presentation of requirements a year ago, outside of volume fluctuations?

Admiral SCHOEFFEL. Nothing, sir.

NAVAL MAGAZINES

Mr. SHEPPARD. We will take up project 3B, "Naval magazines." Your estimate for 1953 is $2,870,000. The estimate for 1952 was $3,170,000. This shows a decrease. Advise me what page of the justifications this appears on and why the increase.

Admiral SCHOEFFEL. The justification appears on page 14–121 and the top of page 14–122.

The type of operation is rather similar to that of the ammunition depot, except that the overhaul or assembly of ammunition is not

carried on at naval magazines. The reason for the decrease is the same as for ammunition depots.

Mr. SHEPPARD. I will ask you a general question. You have in the Department the necessary statistical information that goes to make up the total figures and you have it broken down in detail in this instance, as you have for the past projects?

Admiral SCHOEFFEL. Yes. We have a great deal of detail, a tremendous amount of detail, in a booklet that we have not presented to you.

Mr. SHEPPARD. And that is known as your shopping list?

Admiral SCHOEFFEL. Yes.

Mr. SHEPPARD. Your policy of procedure in this instance is identical, barring deviations in amount, as to your procedure in your budgets a year ago; is that correct?

Admiral SCHOEFFEL. That is correct.

NAVAL ORDNANCE PLANTS

Mr. SHEPPARD. We will take up item 3C, "Naval ordnance plants." Your estimate for 1953 is $3,300,000. The estimate for 1952 was $3,375,000. This reflects a decrease of $75,000.

What is the general operation that is performed under this title and what is the status of the general inventory that you have to deal with in that, if there is an inventory?

Admiral SCHOEFFEL. The type of work done in naval ordnance plants in primarily the manufacture or repair of naval ordnance, particularly guns, fire-control systems, and matters of that nature. That includes torpedoes and fuses.

As to the inventory, Captain Briner, can you give us the figures on the naval ordnance plants?

Mr. SHEPPARD. How many plants do you have?

Captain BRINER. We have seven naval ordnance plants.

Mr. SHEPPARD. Aside from fabricating, you do loading and so forth in those plants, or in some of them?

Admiral SCHOEFFEL. The only one doing loading is at Macon, Ga.

Mr. SHEPPARD. What in this particular operation is new, or that deviates from the procedure of previous budgets?

Admiral SCHOEFFEL. There is nothing.

Mr. SHEPPARD. This is a continuing operation?

Admiral SCHOEFFEL. Yes.

NAVAL NET DEPOTS

Mr. SHEPPARD. We will take up the next item, "Naval net depots." Your estimate for 1953 is $600,000. Your estimate for 1952 was $610,000. How do you happen to come out with only a $10,000 deviation there?

Captain BRINER. There has been a large increase in the activity of the naval net depots. At the same time there have been substantial expenditures for the improvement of facilities which have reduced the costs of maintenance and operation, sir.

Mr. SHEPPARD. So your actual difference there is chargeable against the budget that has heretofore applied: to wit, that of 1952?

Captain BRINER. Yes.

Mr. SHEPPARD. Is there anything specifically new in this function as compared to your budget of a year ago?

Captain BRINER. No, sir.

NAVAL DEGAUSSING STATIONS

Mr. SHEPPARD. We will now take up the next item, 3E, "Naval degaussing stations." Your 1953 estimate is $428,000. Your 1952 estimate was $417,000. Here again you have an item that is very near the same as last year. What do you do in this particular operation?

Captain BRINER. The degaussing stations are devoted to the degaussing of ships, the flashing and deperming; matters dealing entirely with the magnetic field of ships, and we are concerned with their influence on the magnetic-type mines.

Mr. SHEPPARD. And you are giving the ships additional protection by using the degaussing system?

Captain BRINER. Yes.

Mr. SHEPPARD. Has there been given to you by research and development any improvements in the degaussing field function in the last year?

Admiral SCHOEFFEL. Nothing of importance, sir.

Mr. SHEPPARD. You are still utilizing the same methods that you applied during World War II?

Admiral SCHOEFFEL. Yes.

Mr. SHEPPARD. Is there anything specifically new in this field of operation as against the presentation that you made a year ago?

Captain BRINER. Mr. Sheppard, there are a number of new stations involved in this program.

Mr. SHEPPARD. You will indicate the new stations, their locations, and their estimated costs as reflected in your request here.

Captain BRINER. Yes. The list of stations is shown on page 14–125.

Admiral SCHOEFFEL. I can go on from here. The new degaussing stations in operation are New London, Conn., Newport, R. I., and Charleston, S. C., which were not in an operational status for the entire year of 1952.

Mr. SHEPPARD. Did you say "new" stations?

Admiral SCHOEFFEL. I said "new stations"; yes.

Mr. SHEPPARD. Were they new stations, or stations already in existence that have been in an inactive status?

Admiral SCHOEFFEL. They have been in an inactive status previously, sir. They have been in existence.

These stations are not truly new stations. They are ones that have been reactivated recently, and the cost of their operation for the year 1953 will exceed that for the part of the year 1952 when they were in operation. The cost at Charleston is $25,000 for 1953 versus $20,000 for 1952.

At Newport, it is $25,000 for 1953 versus $20,000 for 1952.

At New London, it is $25,000 for 1953 versus $15,000 for 1952.

Mr. SHEPPARD. What you are doing is putting the semi-inactive stations into operation for degaussing functions?

Admiral SCHOEFFEL. That is correct.

Mr. SHEPPARD. It is not contemplated that they will be used for other functions?

Admiral SCHOEFFEL. That is correct, sir.

NAVAL RESEARCH ACTIVITIES

Mr. SHEPPARD. We will take up item 3–F, "Naval research activities." Your request for 1953 is $12,325,000. Your estimate for 1952 was $13,400,000.

Admiral SCHOEFFEL. The activities carried on here are research and development activities of all nature connected with naval ordnance. There are seven stations included in this group, sir.

Mr. SHEPPARD. What are you doing with the $6,350,000 at Inyokern, Calif.?

Admiral SCHOEFFEL. That is for the necessary maintenance and operation as defined under those words, carried on at that station. It is one of our most important research and development stations.

Mr. SHEPPARD. What are you doing at Dahlgren for $1,900,000.

Admiral SCHOEFFEL. Dahlgren is devoted to both research and development and also to proof testing of ordnance equipment in a big way, sir.

Mr. SHEPPARD. I also notice that you are requesting money for White Sands, N. Mex.

Admiral SCHOEFFEL. We maintain a naval unit down there that cooperates very closely with the Army and Air Force on the testing of new guided missiles.

Mr. SHEPPARD. Outside of the scientific developments that have interjected themselves into the picture since your appearance last year, is there anything specifically new in this continuing operation?

Admiral SCHOEFFEL. No, sir.

MISCELLANEOUS ORDNANCE ACTIVITIES

Mr. SHEPPARD. We will take up the next item, 3–G, "Miscellaneous ordnance activities." Your estimate for 1953 is $17,500,000. Your 1952 estimate was $18,140,000. This shows a slight decrease.

Admiral SCHOEFFEL. The activities are listed on the bottom of page 14–130. There are six of them, and the chief item of expense is that of the Naval Gun Factory at Washington, D. C.

Mr. SHEPPARD. What are you doing there that is going to require $10,100,000?

Admiral SCHOEFFEL. The Naval Gun Factory is one of the largest manufacturing operations in the United States. It is devoted to the manufacture of ordnance material, and particularly at this time they are working full blast on one of our most important gun programs.

Mr. SHEPPARD. What are you doing at Yorktown? You are asking for the same amount of money this year as you had last year, $2,400,000.

Captain BRINER. There have been large improvements in equipment and facilities at Yorktown. However, there has been a large increase in activity in employment there, and we are preparing to construct new facilities there of a classified nature.

Mr. SHEPPARD. Did you have the same identical type of operation in 1952 that you contemplate in 1953?

Captain BRINER. There will be a higher level of activity in 1953 than in 1952. However, the operational economies that have resulted from better automotive equipment and improvements to buildings and ground will reduce the increase that would otherwise occur.

Mr. SHEPPARD. In other words, the reason that you were able to come out with the same figure in 1953 as you had in 1952 is because you have experienced efficiency and you have cashed in on the results of that?

Captain BRINER. Yes.

Mr. SHEPPARD. Let us look at Puget Sound. You want for that station $2,100,000 in 1953. What are you doing there?

Captain BRINER. That is a consolidation of four stations, the ex-naval torpedo station at Keyport, Wash., which is now involved in heavy production, proof, and test of new types of torpedoes; it also includes the ex-naval ammunition depot at Bangor, which is an outloading point for oversea ammunition and which was used in the early stages of the Korean operation to ship ammunition to Korea; it also includes the ex-naval ammunition depot at Bremerton, Wash., adjacent to the naval shipyards there, where they store ammunition which is put out by the ships prior to an overhaul and pick it up after overhaul, and it includes a high-explosives storage plant, the ex-naval magazine and net depot at Indian Island.

Mr. SHEPPARD. You did not do any development work in the vicinity of Ballard?

Captain BRINER. I do not recognize the name.

Mr. SHEPPARD. Just north of Seattle proper in the bay area there?

Captain BRINER. On the eastern shore of Pudget Sound?

Mr. SHEPPARD. Yes.

Captain BRINER. No; I know of no naval development there.

Mr. SHEPPARD. Has there been anything new interjected into this budget activity compared with your presentation of last year?

Admiral SCHOEFFEL. No, sir.

ORDNANCE DEPARTMENTS AT NAVAL STATIONS

Mr. SHEPPARD. We will take up the next item, 3–H, "Ordnance departments at naval stations." Your estimate for 1953 is $400,000. Your estimate for 1952 was $415,000. This reflects a $15,000 decrease in your request. What page of your justifications reflects this operation?

Admiral SCHOEFFEL. Page 14–131. This covers our responsibilities at stations not under our management control. We do not have direct control of the estimates in these cases; however, we advise with the organizations that do have management control and endeavor to keep these estimates on a sound basis.

Mr. SHEPPARD. With the exception of Key West, Fla., all the rest of the operations are out of the continental United States?

Admiral SCHOEFFEL. Yes.

Mr. SHEPPARD. These are participating operations in which your contribution is indicated by another echelon, and is so expressed in your justifications; is that correct?

Admiral SCHOEFFEL. Yes.

Mr. SHEPPARD. Have you taken on any new obligations in this category that were not in your budget of a year ago?

Admiral SCHOEFFEL. No, sir.

ORDNANCE FACILITIES AT OVERSEA BASES

Mr. SHEPPARD. We will take up item 3–I, "Ordnance facilities at oversea bases." Your request for 1953 is $1,985,000. Your estimate for 1952 was $2,065,000.

Admiral SCHOEFFEL. This is shown on page 14–132.

Mr. SHEPPARD. Is there anything about this particular presentation that is in the security category?

Admiral SCHOEFFEL. Not on that page, but other aspects of it would be.

Mr. SHEPPARD. I see that you have reflected here five oversea bases. What are you going to do in Japan with $1,350,000?

Captain BRINER. Mr. Chairman, the money that is listed for Sasebo and Yokosuka constitutes the complete support of an ammunition receiving, storage, and outloading facility in each case. It covers the entire expense of operating the Ordnance facility in each case, including the Japanese labor.

Mr. SHEPPARD. This facility is to be solely operated by the Navy and for the Navy's own use?

Captain BRINER. Some Army ammunition is handled, but very little.

Mr. SHEPPARD. They have no participating financial consideration involved in it?

Captain BRINER. No, sir.

Mr. SHEPPARD. Let us take up another one that we have read something about in the newspapers, French Morocco.. There is a very small amount requested for this.

Captain BRINER. There, sir, we have an Ordnance facility which is a part of an air station, and there are magazines and very modest storage facilities there. It is a very small facility.

Mr. SHEPPARD. And it is exclusively Navy at all these different bases?

Captain BRINER. Yes.

Mr. SHEPPARD. Is the last item in Japan for $575,000 along the same lines as the first one?

Captain BRINER. I referred to both of them in my comment.

Mr. SHEPPARD. Has there been anything that has developed in the last year pertaining to this type of operation that is new and that this committee has not inquired into?

Captain BRINER. No, sir.

NAVAL AMMUNITION DEPOTS

Mr. WIGGLESWORTH. I notice this is for operation and maintenance. In your item 3–A, for instance, referring to the over-all figures, $20,815,000 for 1952, and $18,620,000 for 1953, can you break down the figures for the 2 years into (a) operation, and (b) maintenance?

Admiral SCHOEFFEL. We do not have them broken down immediately into those two headings, sir. We have it broken down into quite a number of subheads.

Mr. WIGGLESWORTH. This shows that there is included in the over-all item administration, transportation, waterfront structures, per-

sonnel facilities, grounds and structures, and miscellaneous facilities.

Admiral SCHOEFFEL. Yes, sir.

Mr. WIGGLESWORTH. Outside of administration, is all that for maintenance, or is it for operation as well?

Admiral SCHOEFFEL. Captain Briner, will you answer that question?

Captain BRINER. Captain Briner, head of the Management Control Branch of the Naval Ordnance Establishments Division.

Some of the transportation is in connection with operation, but very little of it.

Some of the personnel facilities become involved in operations. Those are the barracks for enlisted personnel and officers. Miscellaneous and utilities include little operation.

Admiral SCHOEFFEL. Possibly it may be helpful, sir, to refer you to the second paragraph on page 14–117, which defines the difference between maintenance and operational costs.

ADMINISTRATION COSTS

Mr. WIGGLESWORTH. What is included under the heading "Administration"? Is that salaries only?

Captain BRINER. It is both salaries and material costs. That is defined on page 14–118.

Mr. WIGGLESWORTH. What is the personnel figure over all for naval ammunition depots in 1952 and what is it in 1953?

Captain BRINER. I do not have personnel broken down by categories. I have it for the total activity, and also for the individual stations.

Mr. WIGGLESWORTH. What do you mean by the total activity?

Captain BRINER. Activity 3.

Mr. WIGGLESWORTH. Activity 3?

Captain BRINER. Yes, sir; it is 11,167 man-years.

Mr. WIGGLESWORTH. For what year?

Captain BRINER. For the fical year 1953, sir.

Mr. WIGGLESWORTH. What is it for 1952?

Captain BRINER. I do not have the figure, but it is approximately for 1952 12,167 man-years.

Mr. WIGGLESWORTH. Please supply the correct figure, please, when you revise your remarks?

Captain BRINER. Yes, sir.

Admiral SCHOEFFEL. We have it here now.

Mr. PEHRSON. The man-years in 1952 are 12,933.

Mr. WIGGLESWORTH. 12,933?

Mr. PEHRSON. Yes, sir. The man-years in 1953 are 11,167.

Mr. WIGGLESWORTH. Is the maintenance figure based on some general rule of thumb, or is it based on specific estimates at each one of these 17 depots?

Captain BRINER. It is based on specific estimates made by the depot subject to inspection by people from the Bureau of Ordnance, and subject to revision as indicated by previous experience.

ADMINISTRATION COSTS, NAVAL MAGAZINES

Mr. WIGGLESWORTH. Now, there is a similar breakdown here for item 3–B, naval magazines, which item reflects a slight decrease in-

cluding administrative expenditure apparently. Item 3–C, naval ordnance plants, a similar breakdown shows a reduction in all of the items except transportation, which shows a little increase, and utilities which shows some increase. That is for the maintenance of utilities?

Captain BRINER. Yes, and that portion of the utilities which would be necessary regardless of the productive level of the plant.

Mr. WIGGLESWORTH. In the case of 3–D, naval net depots, each of the items there is approximately the same, except there is a decrease for transportation. That applies at two stations, as I understand it?

Captain BRINER. Yes, sir.

INCREASE IN DEGAUSSING STATIONS

Mr. SHEPPARD. In the case of 3–E, naval degaussing stations, there is a slight increase all along the line, but the total only reflects an increase from $417,000 to $428,000, which is mostly reflected in those five stations which are only partly activated.

Captain BRINER. Principally in Charleston, S. C., New London, Conn., and Newport, R. I.

Mr. WIGGLESWORTH. In 3–F, naval research activities, those items reflect a little decrease. There is an over-all reduction of about $1,100,000 as compared with the current year.

In 3–G, miscellaneous ordnance activities, there is a slight decrease in all items except utilities. There is an over-all decrease of $600,000.

In 3–H, five ordnance departments at naval stations, there is a slight decrease in all of the items.

In 3–I, ordnance facilities at overseas bases, five in number, there is a slight decrease in all items except administration, which goes up from $1,280,000 to $1,315,000. Why the increase in administration at these five stations?

Captain BRINER. Mr. Wigglesworth, these stations are overseas, and they do not have complete accounting facilities, and there is difficulty in getting complete returns. There is a tendency to charge many things to the administration accounting category which belong in other accounting categories.

That is why you will see at Port Lyautey, Argentia, and Kodiak we have included all expenses under administration. Now the large increase is a Sasebo, and at Sasebo, Mr. Wigglesworth, the impact of the treaty has increased our labor cost there. We formerly got certain free Japanese labor which we now have to pay for.

Mr. WIGGLESWORTH. Are you not going to be able to reduce these costs as you go along, Admiral?

Admiral SCHOEFFEL. That is very difficult to answer authoritatively, sir. We shall endeavor to do so; we will make a continuing endeavor.

Mr. WIGGLESWORTH. I think that is all.

IMPROVEMENTS AND ALTERATIONS TO FACILITIES

Mr. SHEPPARD. All right, we will take up our next budget activity, No. 4, improvements and alterations to facilities, which is reflected on page 14–166 of our justifications. I see that it is made up of 12 subactivities, and your estimate for 1953 is reflected as $28,167,000, and in 1952 it was $87,358,376. This reflects a decrease of $59,191,376.

(Insert for the record:)

UNEXPENDED BALANCE

The unexpended balance under activity 4, improvements and alterations to facilities on December 31, 1951, was $86,966,547.

GROUNDS AND GROUND STRUCTURES

I note, picking up the next item, which is reflected under the title "Grounds and ground structures," that your specific request in that instance is for $2,051,820 for 1953, as against your estimate of $4,008,928 for 1952.

That shows a decided decrease in that type of function, and I wish you would explain to me what has occurred in this operation that has permitted you to reflect a decrease from your estimate of 1952.

Captain SAWYER. It is primarily in the program soil erosion and several stations. The funds in 1951 and 1952 have allowed us to progress to a stage whereby we are now tapering off.

Of course, there are other reductions in that, too. We were given funds in 1952 to repair barricaded sidings, earth covers on magazines, security fences, sidewalks, sewerage, and storm-drainage ditches, and related projects.

Mr. SHEPPARD. Well, would not operations of that character generally fall within the category of maintenance as against improvements and alterations? My conception of improvements heretofore has been, perhaps erroneously, that when we were using the phraseology "improvements," we had a certain flat piece of ground or what-not and were adding to it sidewalks, sewers, or some other attributes which go into this function as necessary, and alterations would mean that which you do in the way of altering buildings externally or internally, or parts of buildings, and so forth.

Now, the functions you have referred to here obviously heretofore would have fallen within the general understanding of maintenance, and yet I assume that for budget purposes you have found it necessary to place them in this category.

Captain SAWYER. That is correct; they are beyond maintenance, sir; they are repairs.

Mr. SHEPPARD. Is work of the general type that you have referred to here done on the post with personnel attached thereto, or is it done by contract; which of the two?

Captain SAWYER. Both, sir. If the job is big enough, it is contracted with civilian labor. If it is very small and the station maintenance force can handle the job, they will do it.

Mr. SHEPPARD. Admiral, what is there new about this particular type of operation, insofar as its continuity of procedure is concerned, as it has been described in previous budgets?

Admiral SCHOEFFEL. There is nothing outstanding and new in here, sir, unless you wish me to mention the fact that there is nothing in here for vehicles or railroad construction and material handling equipment.

Mr. SHEPPARD. We have not arrived at that yet; we will further on in the budget.

SHORE AND HARBOR FACILITIES

Picking up your next item, 4–B, shore and harbor facilities, you are requesting $938,400 for 1953. In 1952 you had $1,591,136.

What will fall within the category of shore and harbor facilities, what functions for which you are requesting this amount of money for 1953 which is a reduction from that requested for 1952?

Captain SAWYER. The purpose of this subactivity is major repairs, alterations, and minor new construction of wharves, docks, piers, shipways, moorings, dredgings, seawalls, jetties, and other waterfront facilities.

Mr. SHEPPARD. On what particular page of the justifications is the breakdown relative to geographical locations?

Captain SAWYER. Page 14–171.

Mr. SHEPPARD. What is the total number of activities involved in this request?

Admiral SCHOEFFEL. Seven, sir.

Mr. SHEPPARD. I notice in your right-hand column in the descriptive subject matter that you show in your naval research activities at Dahlgren, Va., and so forth, minor new construction. What would you define as minor new construction?

Captain SAWYER. In the case of Chincoteague Naval Air Station, minor new construction consists of a $16,690 ramp for small landing craft to transport from the mainland to Wallops Island equipment and gear.

Mr. SHEPPARD. What is the situation as to the $25,850 at Dahlgren?

Captain SAWYER. We have an antiaircraft fuse battery utilizing research production, testing antiaircraft fuses, and this item is for the construction of a concrete seawall in front of that battery. Since the shoreline is receding about 10 feet per year, we will lose the battery if we do not block it.

Mr. SHEPPARD. In other words, you are getting shore cutting as a result of the tide effects?

Captain SAWYER. Yes, sir.

Mr. SHEPPARD. What are you doing at the Naval Gun Factory, Washington, for $60,000 in new construction?

Captain SAWYER. It is not actually at the Naval Gun Factory in Washington, sir. This is an activity under the Gun Factory at Piney Point, which is at the entrance of the Potomac to Chesapeake Bay, and it is again the same type of erosion which is threatening the structures at Piney Point. It is a bulkhead to protect the structures there.

Mr. SHEPPARD. These investments, particularly in your erosion control work, are for the purpose of preserving property which you already own?

Captain SAWYER. Yes, sir; that is correct.

Mr. SHEPPARD. Is there anything specifically new in this presentation here, of course, allowing for the variation in mathematics, in the types of jobs you will have to do, as compared with the presentations made in previous budgets?

Admiral SCHOEFFEL. No, sir.

Mr. SHEPPARD. In general, it is a continuing operation, and is diversified only by the different aspects that you are confronted with from time to time?

Admiral SCHOEFFEL. Yes, sir.

ROAD AND RAILROAD FACILITIES

Mr. SHEPPARD. Picking up your next item, 4–C, "Road and railroad facilities," for 1953, you are requesting $6,818,811, and in 1952 your estimate was $16,119,603.

This shows a very definite decrease in your request, as reflected in the justifications before me. What comments do you have to make pertaining to that requirement?

Captain SAWYER. In 1952 the majority of the funds appropriated were utilized in the purchase of new rail and associated equipment, such as ties, frogs, and switches, 60.5 percent of the $6,000,000 plus requested is for the labor to install that material which was purchased in 1952.

Mr. SHEPPARD. I see your estimate reflects 211 miles of railroad and 16 stations.

Captain SAWYER. That is correct, sir.

Mr. SHEPPARD. And this has to do with the extension of lines, of adding sidetracks, of maintaining lines which are already in existence, and sidetracks which are already in existence.

Captain SAWYER. It is complicated. It is all you have said, Mr. Chairman, and more, too. In large stretches constructed during World War II, rail was so short that we were forced to utilize very inferior second-hand rail.

Mr. SHEPPARD. And not only that, but in some instances you were using some very light steel.

Captain SAWYER. Yes, sir; that is correct.

Mr. SHEPPARD. I was on one stretch where you were using extremely light steel.

Captain SAWYER. That is right, and they used some of the old Rio Grande Railroad rail where they had to throw away three pieces for every one they used and had to straighten them, and so forth.

Admiral SCHOEFFEL. Primarily, Mr. Sheppard, these funds are for the replacement of worn-out rail, for permitting the installation of rail of an adequate weight and the shifting of the lightweight rail to places where lightweight rail is all right.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Is there anything particularly new in this request that has not been in this general category in previous requests?

Admiral SCHOEFFEL. It is an increase in its requirement.

Mr. SHEPPARD. But I mean, barring that, the principle of procedure is the same?

Admiral SCHOEFFEL. The principle of procedure is the same, and this item should be much less in future years.

Mr. SHEPPARD. I notice that your new construction column shows minor figures, and I assume that is for requirements that are especially needed and accumulated in new construction. Incidentally, I do not see any new locomotives involved in this requirement.

Captain SAWYER. There are no requests whatsoever for locomotives.

Mr. SHEPPARD. How about rolling stock?

Captain SAWYER. There are no requests for rolling stock.

STRUCTURES

Mr. SHEPPARD. All right, gentlemen, let us pick up 4–D, "Structures," in which your estimate for 1953 is for $7,266,396. In 1952 your estimate is reflected as having been $6,320,275. Would you explain to the committee what you mean by the title "Structures," and what you are going to do on those structures where you will be expending $6,000,000 plus?

Captain SAWYER. This project includes repairs, alterations, and minor new construction to existing structures, except utilities. I attribute the increase to the increase in activity in our Ordnance establishment that has occurred in late 1951 and during the year 1952. We are finding deficiencies, we are finding repairs necessary, and certain alterations necessary, maybe in some instances, because we are doing a different chore today than we did in World War II.

Mr. SHEPPARD. You state that about 49 percent of this request will provide for scheduled repair and alteration projects, and 51 percent will provide for scheduled minor new construction, and the breakdown is reflected in its station requirements on page 14–176; is that correct?

Captain SAWYER. That is correct.

Admiral SCHOEFFEL. And on page 177, sir.

Mr. SHEPPARD. And on page 177?

Admiral SCHOEFFEL. Yes, sir.

MINOR NEW CONSTRUCTION

Mr. SHEPPARD. Your largest item of new construction reflected here under the title "Minor new construction" is $403,100 at Crane, Ind.

I find reflected a number of projects. If I interpret your mathematical structure correctly, it means that nine projects at Crane, Ind., will cost in the minor new construction category $403,100. Is my interpretation right?

Captain SAWYER. That is correct, sir, each project under $50,000.

Mr. SHEPPARD. In that particular case you show no cost for repairs or for alterations.

Captain SAWYER. No, sir; we do not.

Mr. SHEPPARD. Now, we drop down to another new item for $88,200, and that is reflected from Hastings, Nebr.

You have 8 projects involved in that request and you are reflecting $250,000 for repairs, and $170,100 for alterations. What is the type of new construction that you are going to do at that location?

Captain SAWYER. The minor new construction is paint locker for ready issue in the pumping and mine area at a cost of $11,100, and locker and storage building for utilization in the vicinity of rolling stock; railroad heavy equipment at a cost of $21,000; improvement of the lumber storage area, and centralization of their lumber storage area at a cost of $50,000. Those are the three minor new construction items.

Mr. SHEPPARD. Well, insofar as naval ammunition depots pertain in the breakdown which is reflected on page 14–176, you have covered the major so-called minor new construction estimates. I would like to drop down to the bottom of that particular page and ask you what

you are going to do in new construction at Theodore, Ala. You reflect no request for repairs or alterations there, and it is the same figure that it reflected in the other column on the left.

Captain SAWYER. We have three projects there.

Mr. SHEPPARD. And those three projects in their respective categories make a total of $102,625?

Captain SAWYER. That is correct.

Mr. SHEPPARD. Just give me briefly what you are going to do there.

Captain SAWYER. That is for the provision of a dispensary. Theodore is an outloading facility the same as Port Chicago, and the purpose is the same. There is no dispensary there. It is continually a hazardous location, and a dispensary should be provided for disaster, if nothing more.

Mr. SHEPPARD. Is there any particular operation in this subactivity that I have just referred to that is of a new characteristic?

Admiral SCHOEFFEL. No, sir.

UTILITIES

Mr. SHEPPARD. We will pick up the next item, 4–E, for which you are requesting $5,554,433 for 1953. Your estimate for the same item for 1952 was $2,641,060.

Are these utility charges reflected here, or are they repairs to utilities on your stations?

Captain SAWYER. They are repairs and alterations in addition to existing utilities.

Mr. SHEPPARD. That is, utilities under your own cognizance, and you are not using these funds to repair or maintain or put up new public utility operations as such?

Captain SAWYER. No, sir.

Mr. SHEPPARD. But I assume in some instances these could be made independent of public utility deliveries on your own post; is that correct?

Captain SAWYER. Yes, sir; that is correct. Here in Washington if you had a disaster with the local power you could hook in on the Gun Factory power plant.

Mr. SHEPPARD. Is there anything specifically new in this presentation or activity that you have not heretofore had in budget presentations?

Admiral SCHOEFFEL. No, sir.

STORM DAMAGE

Mr. SHEPPARD. Very well, gentleman, we will pick up subproject 4–F, "Storm damage," which you are asking $121,000 in 1953. In 1952 you had $757,000.

I think the title is descriptive within itself. On how many stations are you going to expend this appropriation of $121,000?

Admiral SCHOEFFEL. This is at one station.

Mr. SHEPPARD. What particular station, please?

Admiral SCHOEFFEL. The naval ammunition depot, at Oahu, Hawaii.

Mr. SHEPPARD. You have had a pretty bad drainage there for quite some time, have you not?

Admiral SCHOEFFEL. Yes, sir.

Mr. SHEPPARD. What are they ultimately going to have to do there?

Captain SAWYER. You can correct it by taking proper storm drainage measures.

Mr. SHEPPARD. Do you have enough drainage flow to take care of that?

Captain SAWYER. Yes, sir.

REHABILITATION AND FURNISHING HOUSING UNITS

Mr. SHEPPARD. Let us pick up 4–G, "Rehabilitation and furnishing housing units," for which you are asking for $213,507 for 1953, and you had $252,486 in your 1952 estimate.

Now, tell us pretty much in detail what you are going to do in "Rehabilitation and furnishing housing units." Out of this $213,000 requested, split it up, if you can, between rehabilitation as against furnishing housing units.

Admiral SCHOEFFEL. I will answer part of the question, if I may, sir. This job encompasses work at six stations.

Captain Sawyer, will you take it from there?

Captain SAWYER. I would like to correct those six stations. There are more than six stations, sir.

Admiral SCHOEFFEL. There are six stations shown on page 14–183 for 1953.

Captain SAWYER. This program started in 1951 for the conversion of governmental quarters to public quarters, and the funds requested in 1953 are to complete that program.

Mr. SHEPPARD. Does it comprise 180 units? I am making my inquiry on the basis of the information which is reflected on page 14–183 of the justifications.

Captain SAWYER. No, sir; the funds requested in 1953 reflect only six stations, and it is 136 units.

Mr. SHEPPARD. What is the extent of the furnishings that we supply housing units of the character that we are discussing here?

Captain SAWYER. We have a long list of the furniture, issued and approved by the Secretary of the Navy for any particular type of house, and we follow it. The value of the furniture in a 3-bedroom housing unit at Dahlgren is on the order of present-day prices, $2,200.

RENTALS

Mr. SHEPPARD. Assuming that you have a house now in X unit, for example, and that you have your allowable furniture within that property, and along comes Mrs. Y, and she wants to rent it, but does not want to rent it with the furniture in it, what do you do in a case of that character?

Captain SAWYER. If there is use for the furniture in another unit, it would be removed from that house, and there would be a minor adjustment made in their rent if they did not rent the furniture with the house.

Mr. SHEPPARD. This issue has been before our committee in the past—sometimes controversially. Has anybody checked close enough on that housing rental to the degree that you can show it is breaking even or a paying project?

Captain SAWYER. To the Government?

Mr. SHEPPARD. Yes.

Captain SAWYER. I can give you one example on that that I deliberately found. There is a house that cost the Government $2,000, and which has had very little maintenance. It has been occupied continuously since 1920 by the Navy, and the income from it has been $30,000.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Would you say that is a glaring and one-shot outstanding issue?

Captain SAWYER. May I go off the record?

Mr. SHEPPARD. You may.

(Discussion off the record.)

EQUIPMENT AT OTHER THAN ORDNANCE STATIONS

Mr. SHEPPARD. The next item is for 4–H, "Equipment at other than ordnance stations," and I see that your request is $1,000,000 for this operation in 1953. You had $750,000 in 1952.

What has developed that makes necessary that increase in your request, the difference between $750,000 and $1,000,000?

Captain SAWYER. Mr. Sheppard, this is equipment furnished to other than Bureau of Ordnance stations, such as air stations, marine air stations, and stations overseas.

This $1,000,000 is the estimate of what we think we will have to furnish in that special type of equipment, such as bomb-handling trucks and torpedo cranes, which is the type of equipment where you might have a serious accident in handling explosives. Frankly, as to our estimate, we do not think we will go over it, but we do not think we will need it in its entirety. It is an estimate of what we have furnished over the last 2 years. It is just judgment.

Mr. SHEPPARD. In other words, your estimate is predicated on such yardstick of experience as you have had?

Captain SAWYER. Yes, sir; that is correct.

Mr. SHEPPARD. What is happening to that equipment that is functioning in those categories in other military jurisdictions, such as those to which you have just referred? Is that property still being carried on your inventories?

Captain SAWYER. Yes, sir; it is carried on our inventories. Of course, they have their own ordnance departments at the air stations.

Mr. SHEPPARD. Do you maintain that equipment?

Captain SAWYER. They maintain it.

Mr. SHEPPARD. You do not maintain it?

Captain SAWYER. No, sir.

Mr. SHEPPARD. It is maintained by the using service?

Captain SAWYER. Yes, sir; by the user.

VEHICLES

Mr. SHEPPARD. We will pick up the next item, which is "Vehicles," reflected as 4–I.

There is no request reflected in your 1953 estimate, but you had a rather large one in 1952, $12,028,000.

Does the fact that there is no request reflected in your estimates for 1953 indicate that you have purchased enough vehicles with the money that you had in 1952 to obviate the necessity of requesting more in the fiscal year 1953?

Captain SAWYER. No, sir.

Mr. SHEPPARD. What is the story?

Captain SAWYER. This is all non-passenger-carrying vehicles.

Mr. SHEPPARD. Would you typify them as operational carrying vehicles?

Captain SAWYER. Yes, sir; trucks of various types, but not passenger-carrying vehicles. Our requirements are on the order of 2,900 vehicles.

Funds were appropriated in 1952 for those vehicles. We are going to be able to purchase about 2,200 of those vehicles. Because we will not get the other 700 vehicles, we are going to be forced to operate at Inyokern and at other stations vehicles that are overage.

Mr. SHEPPARD. Well, that, apparently, is not due to the lack of funds that were made available in 1952, but must be due to some other factor; is that correct?

Captain SAWYER. That is correct.

Mr. SHEPPARD. May I ask what has happened to the difference between the procurement you will be able to make out of the apropriation for 1952 and the balance that will be unexpended?

Captain SAWYER. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. In other words, I can only conclude, from what appears in the justifications, that there must have been somewhere a ceiling placed upon your procurement to replace your over-age trucks and equipment or like character?

Captain SAWYER. That is correct.

Mr. SHEPPARD. And that came from another echelon?

Captain SAWYER. From higher authority, sir.

Mr. SHEPPARD. That prompts another question. Did higher authority give you any explanation as to what was happening to the additional funds that had been appropriated?

Captain SAWYER. No, sir.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. As the subject matter pertains to vehicles both on and off the record, I find it extremely interesting.

RAILROAD, CONSTRUCTION AND MATERIAL HANDLING EQUIPMENT

We will pick up the next item, "Railroad, construction and material handling equipment." I find no request reflected for this item in your 1953 estimate. You did have $33,939,700 in 1952. Did the same general principle or procedure apply here that did in the previous subactivity?

Admiral SCHOEFFEL. No, sir.

Mr. SHEPPARD. Very well, will you define what has happened in respect to your 1952 budget versus nothing appearing in 1953 for this requirement?

Admiral SCHOEFFEL. It is because the 1952 budget has adequately funded our normal requirements in this subproject.

Mr. SHEPPARD. Do you expect a shortage in this operation because of the fact that you have no budget estimate in 1953?

Admiral SCHOEFFEL. No, sir.

MAINTENANCE AND PROCUREMENT OF ADVANCE BASE EQUIPMENT

Mr. SHEPPARD. Very well, gentlemen, we will pick up 4–K, "Maintenance and procurement of advance base equipment," for which you are asking for $1,812,865 in your 1953 estimate. You had $3,655,500 in your 1952 estimate. This reflects the reduction of a sizable sum. What is the condition that pertains to this issue?

Captain SAWYER. We receive our orders direct from the Chief of Navy Operations for the composition of the advance base equipment units.

Of the funds requested, $480,000 is for the repair and maintenance to keep advance base equipment in a ready-to-roll condition. That is for the cost of labor. The remainder is for the procurement of the additional material necesary to comply with CNO directives.

CAPITAL EQUIPMENT

Mr. SHEPPARD. We will take up the last item, 4–L, "Capital equipment." The estimate for 1953 is $2,389,628. In 1952 it was $5,294,688.

What do you consider capital equipment?

Admiral SCHOEFFEL. It is defined on page 14–186.

It is the procurement and replacement of certain items of capital equipment such as industrial batteries, portable generators, woodworking equipment, electric motors, and other general equipment related to the maintenance and operation of the shore establishments.

In general, it is installed equipment.

Mr. SHEPPARD. I see that you have a list here, industrial batteries, stand-by power supplies, air conditioning, support of research and production testing, improvement of sanitary and health conditions, industrial and stand-by heating, fire extinguishing, support of production operations and plant maintenance.

What is there about the item of fire extinguishing that would be involved in this? Would that be fire-fighting trucks?

Captain SAWYER. Permanently installed, automatic CO_2 for fire extinguisher in a paint locker, or a paint building.

Mr. SHEPPARD. What is "Support of production operations"?

Captain SAWYER. A large number of pieces of miscellaneous equipment such as at Dahlgren, a two-way voice-communication system required between firing point and down the range, and at many or several stations along the range.

Mr. SHEPPARD. In other words, it is pretty much parallel to capital equipment that I would put in my private ledger as an asset.

Captain SAWYER. I might explain by reading the equipment at Crane that is proposed.

A 36–inch band saw; a paper baler, an Omega universal feeder, which is for their water-treatment facilities; a dry kiln; a wheel press to remove wheels from railroad cars, or locomotives; a tool and cutter grinder and three hydraulic motor pumps.

Mr. SHEPPARD. Off the record.

(Discussion off the record).

Mr. FERNANDEZ. Off the record.
(Discussion off the record.)

SIZE OF HOUSING UNITS

Mr. FERNANDEZ. With respect to housing appearing on page 14-183, that seems to indicate that the housing averages a little over $5,000 per unit for rehabilitation. I wonder if you could tell us something about the size and character of these units.

Captain SAWYER. That average is not correct. The average is all in this item for Dahlgren, 110 units, if you will note. It is going to average almost $7,000, as I recall, for the Dahlgren units. That is a good sound $7,000 investment. The majority of 110 houses are World War I prefabricated wooden houses and have had very minor maintenance or repair since World War I. In certain cases of rehabilitation we had to go in and repair the foundations. I have a piece of termite-eaten wood that I have brought along for you to see if you would like to see it.

Mr. SHEPPARD. I think that you are paying quite a tribute to a prefabricated operation. I do not know at the moment what firm did that job down there, but whoever they were they did a remarkable job because I was there when about 50 percent of them went up, and the manner in which those men could slap those things up showed mechanical precision. You get into trouble in all prefabricated structures that you have to get out into the field and start drilling new bolts and so forth. I think that is one of the best prefab jobs that the Navy had.

Mr. FERNANDEZ. What does each unit consist of?

Captain SAWYER. A two- or three-bedroom house. I can give you the numbers of each.

Mr. FERNANDEZ. Do I understand from these figures that a certain number, as reflected in each year column, were rehabilitated in each year? Is that what that means?

Captain SAWYER. That is correct.

GROUND STRUCTURES DECREASE

Mr. WIGGLESWORTH. In general, what is included in ground and ground structure for which you want $2,000,000-plus under 4A?

Admiral SCHOEFFEL. As shown on page 14–167, sir, this project provides for major repairs, alterations, and minor new construction of station grounds, including soil-erosion control, barricaded sidings, earth covers on magazines, security fences, sidewalks, sewerage and storm-drainage ditches, and related projects.

We have a voluminous list of these projects available if you wish to look at it.

Mr. WIGGLESWORTH. Are these items essential, or are they items that you would just like to have to put the station in first-class shape?

Admiral SCHOEFFEL. Those items are considered essential after very careful screening, first on the part of the station, second, on the part of visiting parties from the bureaus, and on the part of our shore establishment division headed by Captain Sawyer.

Mr. WIGGLESWORTH. How much do you have in here for soil erosion?

Captain SAWYER. I have that figure broken down. I can go through the list station by station, or give it to you later.

Mr. WIGGLESWORTH. How much do you have in here for sidewalks?

Captain SAWYER. Relatively minor. There is just one item that I recall at Dahlgren.

Mr. WIGGLESWORTH. You want to spend $2,000,000 on 30 stations. That is a $65,000 average. For the first 13, you run up to around $100,000 a station. That seems like a lot of money for ground and ground structures unless they are vital to naval purposes.

Captain SAWYER. The bulk of the money will be expended for safety—earthen barricades on magazines and earthen barricades for barricaded siding for the safe storage of railroad cars. In the case of soil erosion, the money will be spent to protect the earthen barricades.

Mr. WIGGLESWORTH. I wish that you would put into the record a breakdown of this $2,000,000 by classification of principal items from the shopping list that the admiral has referred to.

Admiral SCHOEFFEL. Here is the list [handing].

Mr. WIGGLESWORTH. You seem to have soil erosion at about every place.

Captain SAWYER. The item at McAllister, Okla., swells this subproject. It is almost $500,000 at McAllister.

ROAD AND RAILROAD FACILITIES

Mr. WIGGLESWORTH. Under project 4–C, "Road and railroad facilities," you show on page 14–174 41 road projects. At what cost I do not know. Why do we have to be constructing 41 road projects at this stage of the game?

Captain SAWYER. It is relatively minor new construction. It is reconditioning, resurfacing roads on which we haul and handle high explosives.

Mr. WIGGLESWORTH. How much money is in there on that?

Captain SAWYER. I do not have that total.

Admiral SCHOEFFEL. I have it. It is $2,205,178.

Mr. WIGGLESWORTH. About a third of your request?

Admiral SCHOEFFEL. Yes.

Mr. WIGGLESWORTH. You have been getting along with the roads as they are, I take it?

Captain SAWYER. Not at this increased activity in these ammunition depots, and it is primarily in the ammunition depots. It is a question of safety.

Mr. WIGGLESWORTH. Has anyone in your Bureau looked over these 41 proposed roads, or is this taken from the recommendation of the station head?

Captain SAWYER. Almost in their entirety by several individuals—civil engineers in all cases.

STRUCTURES INCREASE

Mr. WIGGLESWORTH. Item 4–D is "Structures." I notice, in addition to the $320,960 that Mr. Fernandez referred to off the record at Inyokern, you want to spend $656,500 for alternations and $701,010 for minor new construction, or a total of $1,678,470. What is to be done at that activity?

Captain SAWYER. That is a research activity at Inyokern.

Mr. WIGGLESWORTH. What are you going to do with the money?

Captain SAWYER. The shopping list that you have shows, on pages D–6 through D–8, what the money will be used for.

Mr. WIGGLESWORTH. It looks like you have eevrything in here that you could think of.

Captain SAWYER. That is not correct. These are the items that are needed now for that station to operate.

Mr. WIGGLESWORTH. I see "Interior painting," "Improve exterior appearance of safety building."

Captain SAWYER. What page are you on?

Mr. WIGGLESWORTH. D–6, "Provide covering for concrete flooring," "Alteration of motor pools," "Exterior personnel doors" and so on for many items. It looks as though you did not miss very much under this project.

What are you going to do at Dahlgren, Va., where you want $736,745?

Captain SAWYER. That is on page D–2.

Mr. WIGGLESWORTH. I see "Painting of screen towers."

Captain SAWYER. That is a job comparable to painting a bridge.

Mr. WIGGLESWORTH. I see "Insulating attic in naval barracks," "Paint supply boats," "Vermiculite loading building," "Locker room" and so on.

Now, how about Yorktown, Va., for which you want $525,037.

Captain SAWYER. That is on page D–13.

Mr. WIGGLESWORTH. That is mostly for sprinkler systems, $377,762.

Captain SAWYER. In all the stations that you have mentioned the items as a whole are required to carry out the mission of that station, and if we do not get them now we are going to be seriously handicapped in our operations, and if we get them later they are going to cost more.

Mr. WIGGLESWORTH. Well, that is a general statement. We do not have the time to go into the details, but it looks as if some of the items that I have mentioned you could get along without.

It gives the impression to me that whoever set the request up set it up on a very comprehensive basis.

What about utilities project 4–E? You have a big item for St. Juliens Creek, Va., $757,680 for repairs.

Captain SAWYER. That is on page E–4.

Mr. WIGGLESWORTH. That is almost entirely for the replacement of an essential heating plant and a steam distribution system. What is there now?

Captain SAWYER. Seven individual boilers with individual stacks that are probably 30 or more years old. They do not have the capacity or the efficiency, the efficient pressures, necessary to operate the station.

Mr. WIGGLESWORTH. Are they operating?

Captain SAWYER. The station is operating, but at a continual reduced efficiency in the heating plant with many major breakdowns.

Mr. WIGGLESWORTH. You have almost $1,000,000 in here under the heading "Inyokern."

Captain SAWYER. That is on page E–2.

Mr. WIGGLESWORTH. The largest item in that seems to be for the power-system rehabilitation and the replacement of a steam tie line. That accounts for about $600,000 of the total.

You have $1,406,000 in here for Washington. That seems to be primarily to replace two boilers at $770,000, and to replace three over-age turbo alternators, $511,000. What is the condition of the boilers and the present alternators?

Captain SAWYER. The present two boilers are over 31 years old. Pressures are too low. They are to be replaced with two modern boilers, high pressure, which will permit utilization of modern equipment at the Gun Factory, which cannot be used now because of the low pressures.

Mr. SHEPPARD. How often do you have those boilers inspected?

Captain SAWYER. They are inspected continuously by the force that operates them, and they have inspections by the district public works officer, the Potomac River Naval Command, and probably other inspections. The inspections are quarterly.

Mr. SHEPPARD. What would you say of a boiler that normally carried 200 pounds pressure and had to be reduced to 80 pounds because of safety?

Captain SAWYER. We could not operate our equipment at the Gun Factory at 80 pounds. We would shut down the shop.

Mr. SHEPPARD. Would not that indicate that you had a disintegrating effect of some kind within the boiler that caused that reduction?

Captain SAWYER. Yes.

Mr. SHEPPARD. You do not operate them when you have your tubes leaking, do you?

Captain SAWYER. No, sir.

Mr. SHEPPARD. Are you sure of that?

Captain SAWYER. It certainly would not be good practice.

Mr. WIGGLESWORTH. What about the turbo alternators?

Commander BOOTH. This is a question of operating power generating equipment, these turbo alternators, off the low pressure side of the steam generation system.

Mr. WIGGLESWORTH. It says to replace three overage turbo alternators. My question is directed to the condition of the present ones.

Commander BOOTH. They are in a condition of obsolescence. They are overaged.

Mr. WIGGLESWORTH. How old are they?

Commander BOOTH. Over 31 years old.

Mr. WIGGLESWORTH. What is the normal life of an alternator?

Commander BOOTH. They require at present repairs on the order of $50,000, and we still would not have an efficient system. The average life of an alternator I do not know.

Mr. WIGGLESWORTH. You say that they can be put in shape for $50,000?

Commander BOOTH. To put them in operating condition would cost that much.

Mr. WIGGLESWORTH. You propose to spend $500,000.

Commander BOOTH. This is to provide stand-by power under this system which the present turbo alternators will not do.

Mr. WIGGLESWORTH. You mean they will not produce enough power to create the required stand-by?

Commander BOOTH. That is true; yes.

Mr. WIGGLESWORTH. Suppose that you spend the $50,000, how much power would they produce and how much power are you going to produce out of the new alternators that you propose to spend $500,000 for?

Commander BOOTH. I do not have the figures with me sir. They are available, though.

Mr. WIGGLESWORTH. That seems to be a fundamental basis for your justification.

Mr. SHEPPARD. Is not this condition in stand-by operations of that kind—you measure your ability by the requirements you have to produce in stand-by capacity?

Commander BOOTH. Yes.

Mr. SHEPPARD. In other words, you may have a complete failure upon your outside public utility line, if that is what you stand-by on, and you would have to pick up the responsibility of the whole load, or you might have a proportionate breakdown, depending upon how many leads are coming into your plant; is that not true? So, when it comes to measuring the actual ability of your stand-by requirements, it would occur to me that it would have to take care of the maximum requirement under any and all circumstances, if it is to be a complete stand-by operation.

Commander BOOTH. This is not 100 percent stand-by to take the whole capacity of the plant. Actually this is stand-by power that is secondary. The first problem is to provide high-pressure steam for our steam process systems in the manufacturing process and heating.

Mr. WIGGLESWORTH. That you could do with $50,000.

Commander BOOTH. No, sir.

Mr. WIGGLESWORTH. Then I have misunderstood you.

Commander BOOTH. No, sir. Our present boilers are not suitable to provide the high pressure steam that is required.

Mr. WIGGLESWORTH. I am talking about the turbo alternators.

Commander BOOTH. The turbo-alternators are a byproduct. The ability to generate stand-by power is a secondary proposition after we have corrected our requirement for high steam pressure. We can utilize the low pressure side.

Mr. WIGGLESWORTH. What I am trying to get at in simple terms is what you can do with $500,000 that you cannot do with $50,000, and whether or not it is necessary from a military point of view to do it.

Commander BOOTH. I am afraid I confused the issue when I mentioned the $50,000. What I meant to say by that was that we are faced with a repair bill of $50,000 if we are to put in shape one of these obsolescent turbogenerators and continue on the operating basis that we are using now. We hope to replace the whole system for more efficient operation under high steam pressure, and as a secondary proposition to be able to generate additional electrical capacity.

Mr. WIGGLESWORTH. Is that essential in terms of present requirements, or is it something that you would like to do looking ahead to the future, but that is not essential at the present time?

Commander BOOTH. It is something that is not just desirable. We feel it is essential and economical.

Mr. WIGGLESWORTH. How long will it take you to effect the conversion?

Commander BOOTH. Approximately 18 months.

Mr. WIGGLESWORTH. You mean if you get this $511,000 you can do the whole job in 18 months?

Commander BOOTH. Approximately 18 months. The long time is involved in the procurement of the equipment.

Captain SAWYER. May I add that the basic reason for the new alternators is to take care of the increased and varied types of electrical loads. For example, 30 years ago when these alternators were installed, we were not plating the interior of guns.

Mr. WIGGLESWORTH. But you have been for some time?

Captain SAWYER. Yes; but the plating requirements have steadily increased, and they become more involved.

HOUSING UNITS

Mr. WIGGLESWORTH. Under item 4G, you have "Rehabilitation and furnishing housing units." Do I understand that it is the opinion of this Bureau that conversion of these 136 units will in each instance result in economy from the standpoint of the Government as compared with the present rental basis.

Captain SAWYER. Yes, over-all. In each instance, a tenant in a house that has not been rehabilitated has the lower rent. When he moves out and moves back in after rehabilitation his rent is increased.

OBLIGATIONS AND EXPENDITURES

Mr. WIGGLESWORTH. Under project 4–H, we have equipment at other ordnance stations. You have $750,000 for that this year. What were your actual obligations and expenditures as of December 31, 1951?

Admiral SCHOEFFEL. The obligations as of the 29th of February were $19,340.

Mr. WIGGLESWORTH. And the expenditures?

Mr. PEHRSON. This is an item that has been held in the freeze of the Secretary of Defense with reference to some of our equipment.

Mr. WIGGLESWORTH. What are the expenditures as of February 29?

Mr. PEHRSON. Zero. Although we have supplied under this program, as of January 20, 1952, equipment valued at $1,493,000.

ADVANCE BASE EQUIPMENT

Mr. WIGGLESWORTH. Project 4K is maintenance and procurement of advance base equipment, $1,812,000. That, I understand, is an item that you are simply handing to us from CNO and you are not in a position to justify yourselves?

Captain SAWYER. That is correct. Our directives come direct from CNO.

Admiral CLEXTON. The Bureau of Ordnance can justify the actual equipment. The equipment is technical ordnance equipment which fits into the advance base planned.

Admiral SCHOEFFEL. In regard to this equipment, we get these requirements over-all from the Chief of Naval Operations. We compare

our existing inventories of these items and supply those items. We have a shopping list on these items.

Captain SAWYER. That is correct.

Mr. WIGGLESWORTH. Are these items for bases now in being or bases that we might want to put into being in the event of war?

Admiral SCHOEFFEL. Bases that we might want to put into being.

Mr. WIGGLESWORTH. These are for mobilization reserve?

Admiral SCHOEFFEL. Yes.

Captain SAWYER. However, we have moved advance base equipment prior to this date, and all our advance base equipment is maintained in a 24-hour status, ready to roll.

CAPITAL EQUIPMENT

Mr. WIGGLESWORTH. The final item is 4L, "Capital equipment." I am just wondering why some of these items that you list there as a basis for the request of $2,389,000 have not already been covered by other items we have considered. For instance, plant maintenance, or improvement of sanitary and health conditions, air conditioning and fire extinguishing. Why do we have to set up a separate capital equipment item of that character?

Captain SAWYER. Probably the best answer is the cost of the individual items. I can give you a shopping list of the individual items which appear on page L–1.

Admiral SCHOEFFEL. It permits us to keep cleaner accounting if we can segregate this capital equipment. Mr. Pehrson can speak more to the details.

Mr. PEHRSON. It serves us as a management control because they are financed in this separate account and the station requirements come in identified with the specific equipments. We look at the justification for the equipment in authorizing replacements or additions.

Mr. WIGGLESWORTH. My question is, Why are we asked to appropriate for maintenance in one place and then here under "Capital equipment" to again appropriate for maintenance? It looks like a duplication.

Mr. PEHRSON. These are plan account items that show up, for which the station has to report accountability. It is not a recurring cost.

Admiral SCHOEFFEL. Mr. Wigglesworth, the term "plant maintenance," page 14–186 is an ill-chosen word.

If you will turn to page 14–188 to item (i), it says that maintenance equipment includes such items as replacement of obsolete and inadequate woodworking equipment in the gun factory in Washington. Irrespective of whether these items are put under the heading of 4–L, or some other heading, we would still require them. We would require the same amount of money. It is an administrative breakdown segregating this class of items which is defined as "Capital equipment."

Mr. WIGGLESWORTH. If my assumption was correct, it is apt to give a false impression of what you are spending for maintenance or repairs or new construction. You have another request here with apparently similar items in it.

Admiral SCHOEFFEL. There are no similar items, sir.

Mr. WIGGLESWORTH. Under repairs, could you not improve sanitary and health conditions?

Admiral SCHOEFFEL. As a matter of presenting a budget, the funds could be presented under that heading, sir, but as a matter of management of our stations, a breakdown of this sort showing the equipment which they have to account for in the capital plant account permits a better control.

NAVAL RESERVE

Mr. SHEPPARD. We will take up the next budget activity, No. 5, "Naval Reserves." We will insert the tabulation on page 14–206 in the record.

(The tabulation referred to is as follows:)

Budget activity No. 5—Naval Reserve

No.	Project	1951 actual	1952 estimate	1953 estimate
5A	Procurement	$852,967	$500,000	$500,000
5B	Maintenance	486,138	677,000	780,000
	Total direct obligations	1,339,105	1,177,000	1,280,000

NOTE.—Unexpended balance: The unexpended balance under activity 5, "Naval Reserve," on Dec. 31, 1951, was $1,156,598.

The estimate for 1953 is $1,280,000. For 1952 your estimate was $1,177,000.

PROCUREMENT

This item is broken down into subactivities. Your first is procurement. For 1953 your estimate is $500,000. Your estimate for 1952 was $500,000. Why do your figures come out the same?

Captain FLYNN. This item of $500,000 is for the procurement of ammunition for the Naval Reserve program.

Mr. SHEPPARD. Do you expect to supply the same amount of ammunition in 1953 as you did in 1952?

Captain FLYNN. Yes; and that is for small-arms ammunition used for training, and does not represent the total expenditure of ammunition in the Naval Reserve program.

MAINTENANCE

Mr. SHEPPARD. Under 5B, "Maintenance," your estimate for 1953 is $780,000 and your estimate for 1952 was $677,000. What is the situation involved there?

Captain FLYNN. That is broken down on page 14–209. The increase is due to the increase in Naval Reserve ships from 99 in 1952 to 250 in 1953, and is for the maintenance and overhaul of fire control and guns on those ships. One major item is for the procurement of synchros, which formerly were supplied from stock and which are now in short supply.

Mr. SHEPPARD. Admiral Schoeffel, with reference to the entire Naval Reserve program that I have just referred to, which shows an increase of $103,000 in your estimates, am I right in assuming that this is predicated upon the amount of service that will have to be

provided in the Naval Reserve training program and has been computed upon the same mathematical premise that you have given us heretofore in your regular requirements?

Admiral SCHOEFFEL. Yes.

Mr. SHEPPARD. And covers a series of Naval Reserve training centers, about 10; is that correct?

Admiral SCHOEFFEL. One hundred and forty-six.

Mr. SHEPPARD. In 10 naval districts?

Admiral SCHOEFFEL. That is correct.

Mr. SHEPPARD. The total of those districts breaks down into 146 operations?

Admiral SCHOEFFEL. Yes.

Mr. SHEPPARD. Reflected on page 14–208 is the breakdown of your district, the number of training stations, your installations, maintenance, and the total?

Admiral SCHOEFFEL. That is correct.

Mr. SHEPPARD. Have there been any particular changes in your method of procedure under your Naval Reserve budget activity No. 5B as compared to a comparable operation in your previous budget?

Captain FLYNN. No, sir.

Mr. SHEPPARD. The general mechanism is the same and you have statistics in your file that will provide the basic material that goes to compose the totals that I have just referred to?

Admiral SCHOEFFEL. Yes.

AMMUNITION CONSUMPTION

Mr. WIGGLESWORTH. How much has actually been consumed of this ammunition in the fiscal years 1951 and 1952?

Captain FLYNN. I have the figure for 1951, $3,865,519.

Mr. WIGGLESWORTH. You mean for the fiscal year 1952 you estimate that $3,865,519 will be utilized?

Captain FLYNN. The total that I just gave you takes into account all types of ammunition which was furnished from stock.

Mr. WIGGLESWORTH. I am looking at the figure of $500,000 for procurement which I understood was for small-arms ammunition.

Captain FLYNN. Yes.

Mr. WIGGLESWORTH. What is the situation in respect to that in 1952 and estimated in 1953?

Captain FLYNN. It was $500,000 in 1952 and we estimate it to be $500,000 in 1953. I have a shopping list here.

Mr. WIGGLESWORTH. I want to know how much ammunition was actually utilized.

Captain FLYNN. We do not have the total expenditure of ammunition in 1952 as yet. I have the 1951 figure.

Mr. WIGGLESWORTH. Give me 1951 and estimate it for 1952 and 1953 on small arms.

Captain FLYNN. It would be on the order of $1,000,000 worth in 1951.

Mr. WIGGLESWORTH. How about 1952?

Captain FLYNN. It is estimated it will be the same by the allowance list.

Mr. WIGGLESWORTH. And 1953?

Captain FLYNN. It is to be the same.

Mr. WIGGLESWORTH. The same estimate for all 3 years?

Captain FLYNN. Yes.

Mr. WIGGLESWORTH. Where is the other $500,000 coming from?

Captain FLYNN. From stocks.

Mr. SHEPPARD. How much do you have on hand now?

Captain FLYNN. The total of all stocks on hand?

Mr. WIGGLESWORTH. How did you arrive at this figure?

Captain FLYNN. By estimating what they would use and what we would need to replenish our stocks to a level of supply that we would require.

Mr. WIGGLESWORTH. I thought you told me that you expected them to use $1,000,000 worth.

Captain FLYNN. They did use $1,000,000 worth in 1951.

Mr. WIGGLESWORTH. How are you going to replenish that with $500,000?

Captain FLYNN. It will be from our stock items.

Mr. WIGGLESWORTH. I do not understand why you took $500,000 rather than $100,000, or $1,000,000.

Captain FLYNN. It was an estimate to replenish our small arms as a charge against the Naval Reserves.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. If possible, furnish something for the record that will show why you determined to ask for $500,000 in terms of your stock on hand and this particular ammunition.

Admiral SCHOEFFEL. Yes.

The $500,000 requested for procurement of ammunition for the Naval Reserve program represents only the funds required to replace ammunition in short supply. The largest part of the requirement for this program will be provided from available stock that will not require replenishment during fiscal 1953. The following tabulation details the issues of ammunition to the Naval Reserve program, which will require replacement by procurement in fiscal 1953. The July 1, 1951 actual inventory, 1952 issues to Naval Reserve and other Navy programs, and the projected July 1, 1952, inventory position are shown.

Inventory and issue data, Naval Reserve program ammunition

Item	Inventory, July 1, 1951	Expenditures, 1952			Inventory, July 1, 1952	Fiscal year 1953 budget request	
		Naval Reserve program	Other	Total		Units	Amount
22-caliber ball	33,632,000	5,482,000	17,086,000	22,568,000	11,064,000	5,500,000	$43,340
12-gage	22,736,000	1,939,000	9,931,000	11,870,000	10,866,000	745,526	56,000
Miscellaneous chemical ammo	(1)	$86,341	(1)	(1)	(1)	(1)	25,000
A/C parachute flares	188,021	31,000	11,489	42,489	145,532	4,090	225,000
Miniature practice bombs	1,048,648	316,000	337,623	653,623	395,025	250,000	150,000
Total 1953 procurement request							500,000

[1] Various.

RESEARCH AND DEVELOPMENT

Mr. SHEPPARD. Gentlemen, I find reflected in budget activity No. 6, set out on page 14–216, a request for $142 million in the estimate

for 1953; the estimate reflected for 1952 was $126,395,000. This shows an increase of $15,605,000.

UNEXPENDED BALANCE

The unexpended balance under activity 6, "Research and development" on December 31, 1951, was $111,438,571.

This presentation is made up of 12 subactivities, and falls within the category of research and development. Can you explain to me why the increase of $15,605,000 is necessary?

Admiral SCHOEFFEL. Yes; Mr. Chairman. Under the first item there is a requested increase of slightly under $9 million for a considerable number of important new weapons, and this money is largely required to take those weapons through the development stage where they verge on the production stage.

Under the third item there is an increase of about $2,600,000, which is for similar purposes, for new weapons under that particular category.

Under the fourth item there is an increase of approximately $2.5 million for the initiation of important work on new weapons of much importance.

Under the sixth item there is an increase of about $2.7 million, about half of which is for bringing important items into the production stage, and about half for the initiation of a new weapon that is considered will have great potentiality in the event it is developed.

There are other smaller increases in a number of these items, and decreases in some.

Mr. SHEPPARD. These all have to do with the same general functions as was referred to just a few moments ago off the record?

Admiral SCHOEFFEL. Yes.

Mr. SHEPPARD. Any questions, Mr. Fernandez?

Mr. FERNANDEZ. I have one or two questions off the record.

(Off-record discussion.)

Mr. SHEPPARD. Mr. Wigglesworth?

RESEARCH AND DEVELOPMENT FUNCTIONS

Mr. WIGGLESWORTH. I understand that each one of the 12 projects has been specifically approved by the Research and Development Board?

Admiral SCHOEFFEL. Captain Nelson, will you reply to that inquiry?

Captain NELSON. These are not, strictly speaking, projects in the term used by the Research and Development Board. These are categories; there are 12 categories represented here, but there are 461 projects in the Bureau of Ordnance.

Mr. WIGGLESWORTH. To what extent does the Research and Development Board approve the category of projects involved in this overall request for $142 million?

Captain NELSON. All of the projects are submitted to the Research and Development Board and Naval Research and Development Review Board and are reviewed for their inclusion in this program which indicates that they have met with the approval of both bodies.

Mr. SHEPPARD. Does that approval extend to the type of work contemplated, or does it extend also to the dollars and cents involved, or both?

Captain NELSON. It extends to both, the type and the amount of money that is earmarked for each project.

Mr. WIGGLESWORTH. So that the Research and Development Board has approved specifically the dollars and cents that you estimate will be required for doing this work?

Captain NELSON. It is my understanding they have, yes, that they have approved of the program, and also the dollars and cents.

Mr. WIGGLESWORTH. Well, I am trying to get clear whether the approval is of the program in dollars and cents or both.

Captain NELSON. It is both; both the projects and the amount of money attached to them are approved.

Mr. WIGGLESWORTH. The actual figures are determined, for the most part, on a contractual basis by your bureau in the first instance?

Captain NELSON. Yes.

Mr. WIGGLESWORTH. And after you have obtained what you consider a reasonable figure that is submitted along with the project to the Research and Development Board and approved by them before you go ahead with it?

Captain NELSON. No, sir. Most of these projects are of a continuing nature. The project has been approved previously, and the amount of money that is contemplated for 1953 is approved at the time the program for 1953 is submitted, the dollar program for 1953.

Mr. WIGGLESWORTH. The amount has been determined in the first instance by the Bureau of Ordnance, with the people who are going to take on the job?

Captain NELSON. Yes.

Mr. WIGGLESWORTH. Is there any tendency observed for the cost of this work to come down as you progress from year to year?

Captain NELSON. Generally this program has passed to the most expensive stage. After we get to the development, and the building of prototypes, or the so-called stage—that is the more expensive stage of research and study. We are now passing more into that stage than we have in the past year.

Mr. WIGGLESWORTH. That does not answer my question, I think. What I am trying to find out is as you go along with the work, does the contract price remain the same, or is there any tendency observed to get the work done at a lesser cost?

Captain NELSON. The work is not a continuous procedure; the same type of work does tend to show increase.

Mr. WIGGLESWORTH. These would be continuous projects from year to year for the most part?

Captain NELSON. But they pass from one stage to another.

Mr. WIGGLESWORTH. Who determines the price unit you use? What I am asking is whether there is any indication that you are getting more work for less dollars as time goes on, or whether the reverse is true.

Captain NELSON. I think in general there is a slight increase in the cost of the work.

Mr. WIGGLESWORTH. In respect to item 4, I understand from what has been said off the record, that this contemplates a new type of activity by the Navy Department, and that it might well establish a precedent for similar activity for either one or both of the other armed

services. I wish you would explain a little more fully, off the record, what is covered in that connection.

Admiral SCHOEFFEL. Yes.

(Discussion off the record.)

Mr. WIGGLESWORTH. As to item 8, where you are requesting $520,000: Can you tell me about that, and can it be on the record, or must that be off the record?

Admiral SCHOEFFEL. In view of the previous discussion, my answer should be off the record.

(Discussion off the record.)

COMPETITIVE BIDDING CONTRACTS IN THE NAVY

Mr. MAHON. May I interpose for just a moment, Mr. Chairman?

Mr. SHEPPARD. Certainly.

Mr. MAHON. There has been considerable interest manifested by some members of the Appropriations Committee on this problem of competitive bidding versus negotiated bids.

Of course, in the field of military construction at bases, and so on, most of these contracts are strictly competitive. The testimony with respect to the Air Force indicates that in the field of procurement, other than public works, slightly more than 10 percent of the procurement is strictly through competitive bidding. Most of the rest of it is in the form of negotiation or cost plus a fixed fee. That is particularly true in the field of aircraft procurement and ordnance, and items of that ype. Of course, in subsistence items I believe you get competitive bids.

I have written a letter today to Admiral Clexton asking him if he would give us some sort of a general statement in order that we might have the whole picture, of the entire Department of Defense, before us, and I wonder if it would be possible to provide that information, Admiral?

Admiral CLEXTON. Yes, Mr. Chairman; I can provide that. By and large aircraft and research and development are procured through negotiated contracts.

Mr. MAHON. Volumewise, about how much is strictly through competitive bids, and then in the different fields, if you can break that down.

Mr. SHEPPARD. If I may interpose; so far as this particular group is concerned, I want to ask what category of competitive bidding is involved.

Mr. MAHON. Yes.

Mr. SHEPPARD. In the three fields of classifications as to competitive bids, and I would like to have the classifications, if we get into that.

Mr. MAHON. Certainly; I do not know whether you want to put that in the hearing now, or just where it would fit most logically.

Admiral CLEXTON. It will fit in tomorrow's record, where we will have yards and docks, and of course, construction.

Mr. MAHON. What we are thinking about is the over-all defense budget.

Admiral CLEXTON. Yes.

Mr. MAHON. About half the defense budget is for procurement of one kind or another.

Admiral CLEXTON. Yes.

Mr. MAHON. And how much of the half of the defense budget is strictly competitive bids, and how much is in the other categories?

Admiral CLEXTON. We will get up a statement for the record.

(The following was submitted:)

The following information is furnished by the Chief of Naval Material:

NAVY CONTRACT PROCEDURES

The Department of Defense conducts its purchase operations under the authority of the Armed Services Procurement Act of 1947 and the Armed Services Procurement Regulation, the development of which has been a joint effort by the military departments under the general direction of the Munitions Board. Both the Navy's purchase methods, which are prescribed by this act and by this regulation, and its purchase organization, provide the Navy with a flexible purchase mechanism which serves, and is integrated with, the over-all supply structure of the Navy. At the same time, it is adaptable to the requirements of the armed services coordinated procurement program, and is an integral part of that structure.

Since the purchase operation involves the direct expenditure of money, a logical system of checks and balances for all concerned with purchase is an inherent part of the purchase organization. For example, those who inspect material do not make the initial purchase or receive the material in the supply system. Those who audit do not pay the bills. A unique mechanism is employed to double-check the larger procurements. Negotiated purchases of $300,000 or more must be submitted to the Office of Naval Material for clearance and final approval before contracts are executed. Not only is the soundness of each of these projected purchases reviewed prior to commitment by the Navy, but conformance to policy is also thereby assured, as well as indication of need for new policies or changes in existing policies. Though less than 1 percent of all contracts are subject to clearance, these comprise over 75 percent of the total contract dollars.

The Navy Department has made it a general policy to develop two or more sources of supply for each important military item, whether purchased directly or on subcontract. The objectives of this policy are threefold: (i) To lessen the dependence of military operations on a single source; (ii) to promote competition and provide comparative quotations for determining reasonable prices; and (iii) to increase the production potential for full mobilization. Additionally, each substantial negotiated procurement is examined to determine the extent to which subcontracting will be encouraged or required. This policy of broadening the industrial base will aid in the distribution of procurement contracts among the greatest practicable number of competent suppliers, and will result in the utilization of existing open industrial capacity to the maximum.

To carry this policy into effect and to facilitate the placing of contracts, two methods of contracting are used by the Navy—formal advertising and negotiation. Since the declaration of a national emergency by the President on December 16, 1950, in accordance with the authority contained in section 2 (c) (1) of the Armed Services Procurement Act of 1947, greater use has been made of negotiation than was true previously. The formal advertising method of procurement continues to have a definite place in the Navy's purchasing program and is used in all appropriate cases.

It is emphasized that negotiation does not preclude competition or mean an absence of competition. Often, there is just as much competition between prospective suppliers in a negotiated procurement as there would be in an advertised one. In fact, negotiation in some cases may develop competition which might be lacking in advertised procurement. Negotiation simply means that the formal advertising procedure, with its sealed bids and set bid-opening time is omitted.

The Navy endeavors initially to price closely its procurements on an individual basis. An attempt is made to limit the costs and profits "before the facts," that is, before the contract is executed rather than to recapture profits "after the fact." Various methods of procurement, different types of contracts, and price analysis are used to attain this goal. The reasonableness of prices are checked by (i) adequate competition, (ii) price comparisons, (iii) cost breakdowns, or (iv) any other information which may be available.

Fixed-price contracts are used for formal advertising and in all other cases where it is practical to use this type of contract. When costs under a proposed contract cannot be accurately estimated or predicted, a redetermination clause

is inserted in a fixed-price contract, or incentive or cost-reimbursement type contracts are used. The more important types of contracts used by the Navy and their principal contract features are:

(*a*) *Fixed-price contract.*—Provides for a firm price or prices for the supplies or services which are being procured. It may include provision for price escalation.

(*b*) *Fixed-price contract with provision for redetermination of price.*—A fixed-price contract containing a clause requiring the contractor, at an agreed point in its production thereunder, to furnish a statement of actual costs to date, and of projected costs to completion, at which time the prices are redetermined downward only or upward or downward within an over-all ceiling.

(*c*) *Cost-plus-a-fixed-fee contract.*—Provides for payment to the contractor of allowable costs, to the extent prescribed in the contract, incurred in the performance of the contract. It establishes an estimate of the total cost for purposes of (i) obligating funds and (ii) establishing a ceiling beyond which the contractor cannot go (except at his own expense) without prior approval of the contracting officer. It also provides for payment of a fixed fee based on the estimated cost of the contract. It is used only after determination that (*a*) such method of contracting is likely to be less costly than other methods or (*b*) it is impractical to secure supplies or services of the kind or quality required without the use of such type of contract.

(*d*) *Cost reimbursement contract.*—Similar to the cost-plus-a-fixed-fee contract in that it prodvides for payment to the contractor of all allowable costs as defined in the contract and establishes an estimate of the total cost. It differs from the cost-plus-a-fixed-fee contract in that it does not provide for payment of a fixed fee. Its use is subject to the same determination as the cost contract.

(*e*) *Incentive type contracts.*—Provides for an estimated or target price (called the contract price), a ceiling price, and a predetermined sliding scale of profit. Redetermination of price takes place after completion of the contract, but the final price may not exceed the maximum price set forth in the contract at the time it is entered into. This type of contract may be of either a fixed-price or a cost-plus-a-fixed-fee nature. In the latter case, the incentive features apply only to the amount of fee paid a contractor. The incentive type contract is used only after it has been determied that (*a*) such method of contracting is likely to be less costly than other methods or (*b*) it is impractical to secure supplies or services of the kind or quality required without the use of such type of contract.

(*f*) *Letter of intent.*—A preliminary contract with or without a tentative price or specific amount agreed to therein, and with such other basic terms set forth therein as can be agreed to at that time. It authorizes the contractor to commence work, incur costs, and make commitments pending negotiation and execution of the final definitive contract. It usually establishes a ceiling, lower than the estimated price, on obligations which the contractor may incur pending execution of the covering definitive contract.

Major contract categories by method of placement, July 1, 1951, through Feb. 29, 1952

[In thousands of dollars]

Major contract categories	Total dollar value	Advertised		Negotiated	
		Dollar value	Percent	Dollar value	Percent
Research and development	$245,342			$245,342	100.0
Public works	372,154	$290,537	78.1	81,617	21.9
Ship construction	849,046			849,046	100.0
Aircraft	1,692,655	5,082	.4	1,687,573	99.6
Ordnance	872,297	11,078	1.3	861,219	98.7
Supply [1]	1,662,953	192,955	11.6	1,469,998	88.4
Transportation services	185,058			185,058	100.0
Other [2]	581,814	26,526	4.6	555,288	95.4
Total	6,461,319	526,178	8.1	5,935,141	91.9

[1] Electronic and electrical equipment, technical instruments, industrial equipment, construction equipment and material, repair parts, and general supply.

[2] Utilities and other services, plant rehabilitation, and miscellaneous.

NOTE.—Excludes all procurement actions under $10,000 and interdepartmental procurements.

Mr. WIGGLESWORTH. I want to ask about one further item, No. 10, for $1,115,000. That has gone from $460,000 2 years ago to $930,000 this year. What is included in that, and why the substantial increase?

Admiral SCHOEFFEL. Off the record, please.

(Off-the-record discussion.)

Mr. WIGGLESWORTH. Is this an item that is going to increase year after year?

Admiral SCHOEFFEL. I think there will be ups and downs in this item.

INDUSTRIAL MOBILIZATION

Mr. SHEPPARD. We will take up activity No. 7, "Industrial mobilization," and we will insert in the record the table shown at the top of page 14–221.

(The statement referred to follows:)

Budget activity No. 7—Industrial mobilization

No.	Project	1951 actual	1952 estimate	1953 estimate
7A	Reserve plants	$1,405,711	$515,000	$310,000
7B	Industrial production equipment	8,795,660	5,343,000	100,000
7C	Industry preparedness measures	13,311,116	15,200,000	3,225,000
7D	Planning within the Department of Defense	1,963	500,000	345,000
	Total direct obligations	23,514,450	21,558,000	3,980,000

NOTE.—Unexpended balance: The unexpended balance under activity 7, "Industrial mobilization" on Dec. 31, 1951, was $21,493,155.

Mr. SHEPPARD. The estimate for 1953 is $3,980,000. The estimate for 1952 was $21,558,000, and there is reflected a decrease between the two estimates of $17,578,000.

Budget activity No. 7 is broken up into four factors: 7–A, 7–B, 7–C, and 7–D. The first one is for reserve plants, and the estimate for 1953 is $310,000; for 1952 it was $515,000.

RESERVE PLANTS

Briefly tell us what is the function of the reserve plants and indicate for the record why the decrease.

Mr. TANN. Mr. Chairman, as the production goes up, the money for maintaining the reserve plant goes down, and this $310,000 is a decrease of $205,000 from last year, reflecting the increase in the production.

There are still some reserve plants which have not gone into full production and require some sort of maintenance on the part of the Bureau of Ordnance in order to maintain them.

Mr. SHEPPARD. Insofar as this particular activity pertains, it is a question of continuity of procedure that we have had heretofore in this budget project?

Mr. TANN. Yes.

Mr. SHEPPARD. There is no new departure from the procedure we had heretofore?

Mr. TANN. That is right.

INDUSTRIAL PRODUCTION EQUIPMENT

Mr. SHEPPARD. Very well, let us take up item 7–B, "Industrial production equipment,' for which you are requesting $100,000 for fiscal year 1953 and you had $5,343,000 for 1952, which indicates a pick-up of operations over 1952, creating a condition whereby you can afford to decrease the estimate from $5,343,000 to $100,000.

Mr. TANN. Yes. There was a function in the industrial production equipment in the lay-away reserve. Of course, we have pulled approximately 80 percent of our reserves out and put them to work. Therefore, in the present status of machine tools, we are not attempting to add to that reserve.

The $100,000 that is requested here is mainly for the purpose of maintenance, although necessary repairs may have to be made for tools which at the present time are not in use.

UNEXPENDED BALANCE

Mr. SHEPPARD. How much unexpended and uncommitted balance do you have from the funds made available in 1952—the $5,343,000?

Admiral SCHOEFFEL. Unencumbered, $1,819,018 on machine tools, production equipment.

Mr. SHEPPARD. Do you contemplate you will encumber that in this fiscal year?

Mr. TANN. Yes.

Mr. SHEPPARD. There is nothing in this presentation that has not heretofore been considered by the committee, other than the application of funds and the necessity therefor as applied in the procurement of this equipment?

Mr. TANN. No; there is not.

INDUSTRIAL PREPAREDNESS MEASURES

Mr. SHEPPARD. We will take up item 7–C, "Industrial preparedness measures," with the estimate for 1953 at $3,225,000; for 1952 the estimate was $15,200,000. What is the status of the requirement, and why the lesser amount reflected in the estimate for 1953 as compared with 1952?

Mr. TANN. The status on that is that our work has progressed from 1951 to 1952 and as we look at 1953, and we were able to accomplish more objectively with the 1952 funds.

Mr. SHEPPARD. What is your unexpended balance under this item as of the last date reflected in your accounting system?

Admiral SCHOEFFEL. Under industrial preparedness measures, the unencumbered balance is $14,988,476.

Mr. SHEPPARD. Is there anything new in this particular operation that has not been presented to the committee in previous budgets, as it applies to the functions within this category?

Mr. TANN. No. Of course, the details in 1953 differ from 1952.

PLANNING WITH THE DEPARTMENT OF DEFENSE

Mr. SHEPPARD. Yes. Next is item 7–D, "Planning within the Department of Defense," in which you are requesting for 1953, $345,000; the estimate for 1952 was $500,000.

What is the nature of planning within the Department of Defense, and is this in the nature of a contributed fund to the Department for specific purposes?

Mr. TANN. It is. If I may take just a moment to go into that, Mr. Chairman.

Mr. SHEPPARD. You may.

Mr. TANN. The Munitions Board, Department of Defense, has three major programs: one for industrial mobilization planning for the allocation of production in the plants of private contractors for the use of their service in the event of emergency. That is followed by the industrial security program, which also emanates from the Department of Defense and the Munitions Board and comes down into the Office of Naval Material, and there is a study of the security hazards, and the way to remedy them in the plants which have been allocated, in the case of the Bureau of Ordnance, funds.

Mr. SHEPPARD. From your procurement experience, and your production experience as respects the industrial mobilization activities as a whole, have you experienced, or are you experiencing any deficiency in reserve plants sufficient to impair your procurement program?

Mr. TANN. No, sir. We have had in line with the answer of no a few brushes with the other services relative to certain priorities in the plants, but on the whole it has worked out very well in my opinion, since the end of World War II——

Mr. SHEPPARD. How long have you been connected with the industrial planning office?

Mr. TANN. In my present position, since August 24, 1946.

Mr. SHEPPARD. What were your duties prior to that time?

Mr. TANN. I served 5 years in uniform, on ordnance production; prior to that time I had been in various industrial positions.

FUNCTIONS OF INDUSTRIAL PREPAREDNESS MEASURES

Mr. WIGGLESWORTH. What is embodied in item C, industrial preparedness measures?

Mr. TANN. Industrial preparedness measures, Mr. Wigglesworth—those are separated along the new items of ordnance equipment released for production by the Research and Development Division and go into evaluation, to the pilot plant as well, to take the bugs out in order to prepare them for production. Then we choose, usually by negotiation, a contract that has had sufficient experience along that line to cause us to believe that the company will be able to perform.

Mr. WIGGLESWORTH. Educational orders?

Mr. TANN. Educational orders. But a written record, complete with tool drawings, such as would enable some other allocation, mobilization producer, to pick up this book and know what the operations were, and what materials would be needed, what the production bottlenecks might be. We found that to be of great help, particularly, since the Korean incident.

FUNCTIONS OF PLANNING WITHIN DEPARTMENT OF DEFENSE

Mr. WIGGLESWORTH. Where does the item 7–D, "Planning within the Department of Defense," tie into the picture?

Mr. TANN. It ties into the picture in this way, that it springs from the Munitions Board and is carried out into the three services, the Air Force, the Army, and the Navy, and in our particular case, of course, it comes through the office where our inspection service and the field accounts has their long arm, through interviews, until they get to a decision, where the decision is finally completed.

Then there is a check into security measures such as would tend to see there is no violation of security in the event of mobilization.

We transfer this money internally in our own bureau to the Quality Control Division, out through the field inspection service, through the Office of Naval Material.

Mr. WIGGLESWORTH. This same type of thing is being done by other bureaus?

Mr. TANN. That is right; each bureau; each bureau in the Navy follows down the mobilization requirements, the Bureau of Ships, the Bureau of Yards and Docks, Bureau of Ordnance, and each office spends as much time as is necessary on the allocation they get.

Mr. WIGGLESWORTH. The matter of industrial security is included, apparently.

Mr. TANN. Yes.

Mr. WIGGLESWORTH. Is there any duplication as between bureaus?

Mr. TANN. No, sir; there is no duplication, because with respect to the areas handled by various services, the sums we are asking for here is just for Bureau of Ordnance, and any cost borne by them is treated in the same way; they make their contribution, which may not be the same amount, but for a similar effort to that of the Bureau of Ordnance.

Mr. WIGGLESWORTH. That is all.

DEPARTMENTAL ADMINISTRATION

Mr. SHEPPARD. We will pick up next budget activity No. 8, departmental administration, reflected on page 14–251, and we will insert the top of this page in the record.

(The statement referred to follows:)

Budget activity No. 8—Departmental administration

No.	Project	1951 actual	1952 estimate	1953 estimate
8–A	Personal services	$4,105,285	$6,285,000	$6,594,832
8–B	All other departmental expenses	2,506,537	3,188,000	3,729,168
	Total direct obligations	6,611,822	9,473,000	10,324,000

NOTE.—Unexpended balance: The unexpended balance under activity 8, "Departmental administration," on Dec. 31, 1951, was $5,710,752.

Mr. SHEPPARD. The estimate for 1952 was $9,473,000; the request for 1953 is $10,324,000, reflecting an increase of $851,000.

This particular activity is composed of two subactivities, 8–A and 8–B.

PERSONAL SERVICES

We will pick up personal services, 8–A, for which you are requesting $6,594,832 as against $6,285,000. Will you give us a statement on that, Admiral?

Admiral SCHOEFFEL. This personnel item is entirely for the pay of personnel within the Bureau under this appropriation, "Ordnance and facilities." The reflected increase requested in personnel, 1,271 positions, or 1,191 man-years in the fiscal year 1952 is increased to 1,375 positions, and 1,310 man-years in the fiscal year 1953.

Mr. SHEPPARD. There will be inserted in the record the breakdown reflected on page 14–254, and I would like to request you gentlemen to supply the added number of military personnel under columns 1, 2, 4, 5, 7, and 8.

Admiral SCHOEFFEL. Yes. We can give that to you right now, if you care for it.

Mr. SHEPPARD. No; just add it to the table to be inserted in the record.

(The statement requested follows:)

TABLE I.—*Distribution of departmental personnel by divisions*

	Fiscal year 1951					Fiscal year 1952					Fiscal year 1953				
	Positions		Man-years		Amount	Positions		Man-years		Amount	Positions		Man-years		Amount
	Civilian	Military	Civilian	Military		Civilian	Military	Civilian	Military		Civilian	Military	Civilian	Military	
Office of Chief and Deputy Chief of the Bureau (A, B)	3	3	3	3	$13,754	3	3	3	3	$14,640	3	3	3	3	$14,640
Inspector of Naval Ordnance Establishments (In)	7	3	5	3	22,925	7	4	7	4	32,340	7	5	7	5	32,340
Counsel for the Bureau (Le)	12	0	9	0	41,265	19	0	18	0	91,080	21	0	20	0	98,260
Administrative Division (Ad)	236	19	178	19	816,129	239	17	225	17	853,875	232	17	223	17	847,395
Financial Division (Fl)	72	2	54	2	247,590	73	0	68	0	314,160	71	0	69	0	320,120
Planning and Progress Division (PL)	37	24	28	24	128,380	44	27	41	27	176,405	45	29	43	29	186,525
Quality Control Division (Qc)	36	8	27	8	123,795	41	11	37	11	203,500	39	13	37	13	205,000
Contract Division (Co)	54	4	41	4	187,985	63	4	59	4	298,540	59	5	57	5	288,940
Naval Ordnance Establishments Division (Es)	46	22	35	22	160,475	52	24	49	24	226,380	51	27	49	27	228,380
Material Division (Ma)	328	100	247	100	1,132,494	346	120	326	120	1,893,620	392	132	376	132	1,984,052
Research and Development Division (Re)	374	105	282	105	1,230,493	384	112	358	112	2,180,460	445	121	426	121	2,388,680
Total personal services	1,205	290	909	290	4,105,285	1,271	322	1,191	322	6,285,000	1,365	352	1,310	352	6,594,832

INCREASE IN MAN-YEARS

Mr. SHEPPARD. Out of the total you are requesting, what is the actual number of additional man-years?

Admiral SCHOEFFEL. We are requesting an addition of 119 man-years.

Mr. SHEPPARD. That resolves itself into how many persons, or people?

Admiral SCHOEFFEL. That resolves itself into an increase of 94 positions.

Mr. SHEPPARD. Which means 94 people?

Admiral SCHOEFFEL. Yes.

Mr. SHEPPARD. What category will those 94 people fall into?

Mr. DEWALD. Those people will fall largely into the category of engineers; some general administrative personnel, including clerks and stenographers.

Mr. SHEPPARD. Will you give us a breakdown in the record at this point, when it comes down to you, showing the positions that those 94 people would be assigned to. Can you do that at the time the record comes down to you?

Mr. DEWALD. Yes.

(The information requested follows:)

Civil-service title	Number of positions	General-schedule grades
Physical science administrator	1	18
Engineer	2	14
Physical science administrator	3	13
Physicist	2	13
Chemist	2	12
Contract specialist	4	12
Engineer	2	12
Government accountant	2	12
Mathematician	2	12
Physicist	2	12
Librarian	1	11
Budget analyst	1	11
Contract specialist	6	11
Engineer	24	11
Librarian	1	11
Mathematician	1	11
Engineer	5	9
Illustrator	1	9
Information and editorial specialist	1	9
Procurement and supply specialist	2	9
Traffic manager	1	9
Chemist	5	7
Engineer	2	7
Information and editorial specialist	2	7
Organization and methods examiner	1	7
Placement officer	1	7
Procurement and supply specialist	1	7
Statistician	2	7
Storage specialist	1	7
Supply requisition officer	1	7
Engineer	2	5
Do	6	5
Stenographer	4	4
Total	94	

Mr. SHEPPARD. I assume that the 94 positions you are asking for, in addition to those you have had in the past, has been made necessary by the additional workload in each division to which they will be assigned in your department; is that correct?

Admiral SCHOEFFEL. That is correct, sir. This workload does not tie itself immediately to this year's appropriations. I must emphasize that this workload is generated very largely by the administration of the large appropriations in 1952 and 1951.

OTHER DEPARTMENTAL EXPENSE

Mr. SHEPPARD. Your next subitem, "All other departmental expenses," carries a request for $3,729,168 for 1953 as against $3,188,000 for 1952. That indicates an increase. What is the situation?

Admiral SCHOEFFEL. The greatest part of the increase comes under the subhead "Travel and transportation." This "Travel and transportation" covers this function for all personnel not only within the Bureau but also within our whole shore establishment, both civil and military.

There is an increase of about $126,000 under "Printing and reproduction." That covers items that are ordered by the Bureau alone. It covers a small increase in supplies, materials, equipment, and services, which is entirely departmental, and a small increase of $7,000 in social-security taxes.

Mr. SHEPPARD. That is a matter over which you have no control, and it is mandatory in proportion to the number of personnel?

Admiral SCHOEFFEL. Yes, sir.

Mr. SHEPPARD. Mr. Fernandez?

Mr. FERNANDEZ. No questions.

Mr. SHEPPARD. Mr. Wigglesworth?

Mr. WIGGLESWORTH. This increase of 119 man-years is largely reflected apparently in your Matériel Division and your Research and Development Division?

Admiral SCHOEFFEL. Yes, sir.

Mr. WIGGLESWORTH. And I take it that the requested increase in "Travel" is based on that increase in personnel?

Admiral SCHOEFFEL. No, sir; not upon that increase in personnel. I would like to emphasize that our "travel" funds cover not only our personnel within the Bureau itself but also the personnel in all our shore stations, both civil and military. We have requested an increase in those personnel. I must also emphasize that the administration of the big responsibilities that fell upon us as a result of the large appropriations of 1951 and 1952 requires a very considerable amount of travel on the part of personnel in our leading stations as well as in the Department, to insure that our contractors are doing a proper job.

Mr. WIGGLESWORTH. Do you mean that there is no travel or transportation included here for these extra 119 man-years that you are requesting?

Admiral SCHOEFFEL. It is not figured upon that basis. It is figured upon an over-all basis for the whole personnel of the Bureau.

Mr. WIGGLESWORTH. And the over-all basis does not include the additional personnel requested?

Admiral SCHOEFFEL. Oh, yes, sir; it does include them.

Mr. WIGGLESWORTH. That is what I meant. How much is in there for the new personnel?

Admiral SCHOEFFEL. I regret, sir, we do not have it presented in that fashion.

Mr. WIGGLESWORTH. Will you furnish that figure for the record when you revise your remarks?

Admiral SCHOEFFEL. Yes, sir.

It is estimated that new personnel (119 man-years) will require an average of $330 per man-year in travel funds, or a total of $39,270 for fiscal year 1953.

Mr. WIGGLESWORTH. That is all I have, Mr. Chairman.

COST OF ADMINISTRATION OF TOTAL APPROPRIATIONS

Mr. SHEPPARD. What is the total amount of appropriations that you received from Congress for the fiscal year 1951?

Admiral SCHOEFFEL. For the fiscal year 1951, $1,695,209,320.

Mr. SHEPPARD. What was your administrative cost percentagewise to handle those funds?

Admiral SCHOEFFEL. The administrative cost for that year for all appropriations was $7,382,933 or forty-four one-hundredths of 1 percent.

Mr. SHEPPARD. Will you give me the same information for the fiscal year 1952?

Admiral SCHOEFFEL. For 1952 our total appropriations were $1,876,888,566. The departmental administration cost of all appropriations was $10,086,900 or fifty-four one-hundredths of 1 percent.

Mr. SHEPPARD. If, by happenstance, you received the full amount of the appropriations which you are requesting in the budget presently before us, what would be your answers to the same questions?

Admiral SCHOEFFEL. For the fiscal year 1953 the total appropriations would be $1,235,127,000. Departmental administration for all appropriations would cost $11,358,510 or ninety-two one-hundredths of 1 percent.

Mr. SHEPPARD. Admiral, I should like to thank you and your associate officers and civilians for your attendance before the committee. We appreciate your appearance very much. Of course, I do not know at this time what the committee's judgment will be, but we shall give your requests as much serious consideration as we possibly can predicated upon your justifications and the testimony you have presented.

Admiral SCHOEFFEL. Thank you, sir.

WEDNESDAY, MARCH 26, 1952.

CIVIL ENGINEERING

WITNESSES

REAR ADM. JOSEPH F. JELLEY, CIVIL ENGINEERING CORPS, UNITED STATES NAVY, CHIEF OF BUREAU OF YARDS AND DOCKS
CAPT. NORMAN J. DRUSTRUP, CIVIL ENGINEERING CORPS, UNITED STATES NAVY, COMPTROLLER
LLOYD A. MORRISON, DEPUTY COMPTROLLER
JOHN W. COCHRANE, MANAGER, BUDGET BRANCH
COMMANDER FRED F. KRAVATH, CIVIL ENGINEERING CORPS, UNITED STATES NAVY, DIRECTOR, RESEARCH DIVISION
COMMANDER CHARLES T. WENDE, CIVIL ENGINEERING CORPS, UNITED STATES NAVY, DIRECTOR, TRANSPORTATION AND EQUIPMENT DIVISION
COMMANDER H. C. ROWE, CIVIL ENGINEERING CORPS, UNITED STATES NAVY, DIRECTOR, MATERIAL PROCUREMENT AND CONTROL DIVISION
CAPT. TYRELL D. JACOBS, UNITED STATES NAVY, HEAD, LOGISTICS WAR PLANS BRANCH, OFFICE OF DEPUTY CHIEF OF NAVAL OPERATIONS (LOGISTICS)

REAR ADM. EDWARD W. CLEXTON, UNITED STATES NAVY, ASSISTANT COMPTROLLER, DIRECTOR OF BUDGET AND REPORTS

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate	$154,457,000	$196,488,000	$222,800,000
Transferred from—			
"Emergency fund, Department of Defense," pursuant to Public Law 843, 81st Cong.	1,107,500		
"Ordnance service and supplies, Army," pursuant to 5 U. S. C. 172	122,015		
Adjusted appropriation or estimate	155,686,515	196,488,000	222,800,000
Reimbursements from other accounts	21,147,600	21,790,000	20,000,000
Total available for obligation	176,834,115	218,278,000	242,800,000
Unobligated balance, estimated savings (available for administrative reappropriation in subsequent year)	−4,767,059		
Obligations incurred	172,067,056	218,278,000	242,800,000
Comparative transfer from—			
"Service-wide supply and finance, Navy"	30,744	32,100	
"Military personnel, Navy"	11,250		
"Service-wide operations, Navy"	25,517,911	7,867,487	
"Ordnance and facilities, Navy"	21,575	12,168	
"Ships and facilities, Navy"	3,989,388	204,600	
"Aircraft and facilities, Navy"	30,015	31,791	
Comparative transfer to "Navy personnel, general expenses"	−143,555	−147,693	
Total obligations	201,524,384	226,278,453	242,800,000

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
Direct Obligations			
1. Engineering services	$14,086,447	$21,276,939	$20,225,000
2. Industrial mobilization	329,536	455,000	412,000
3. Maintenance and operation of shore establishments	79,911,496	106,984,164	88,580,000
4. Special procurement	38,712,860	45,693,720	87,496,000
5. Construction battalion support	42,065,441	23,244,000	18,703,000
6. Research and development	1,774,000	1,949,000	2,000,000
7. Departmental administration	3,497,004	4,876,300	5,384,000
Total direct obligations	180,376,784	204,479,123	222,800,000
Obligations Payable Out of Reimbursements From Other Accounts			
3. Maintenance and operation of shore establishments	4,250,229	4,471,330	6,126,730
4. Special procurement	16,897,371	17,328,000	13,873,270
Total obligations payable out of reimbursements from other accounts	21,147,600	21,799,330	20,000,000
Total obligations	201,524,384	226,278,453	242,800,000

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Summary of Personal Services			
Total number of permanent positions	17,356	22,207	20,371
Average number of all employees	14,112	18,821	17,542
Average salaries and grades:			
General schedule grades:			
Average salary	$3,891	$4,312	$4,312
Average grade	GS–5.8	GS–5.8	GS–5.8
Crafts, protective, and custodial grades:			
Average salary	$2,786	$3,137	$3,137
Average grade	CPC–4.5	CPC–4.6	CPC–4.6
Ungraded positions: Average salary	$3,003	$3,046	$3,046
Personal service obligations:			
Permanent positions	$47,635,764	$64,214,113	$58,811,888
Regular pay in excess of 52-week base		244,270	234,363
Payment above basic rates	3,460,948	3,224,557	3,220,490
Total personal service obligations	51,096,712	67,682,940	62,266,741
Direct Obligations			
01 Personal services	50,142,289	66,870,257	61,119,238
02 Travel	662,766	663,208	543,269
03 Transportation of things	83,231	110,675	108,378
04 Communication services	217,396	223,207	204,151
05 Rents and utility services	2,537,342	3,049,561	3,226,016
06 Printing and reproduction	230,454	343,884	331,365
07 Other contractual services	18,920,226	27,572,755	23,089,026
08 Supplies and materials	19,217,971	22,041,330	33,268,779
09 Equipment	88,322,160	83,528,057	100,828,917
15 Taxes and assessments	42,949	76,189	80,861
Total direct obligations	180,376,784	204,479,123	222,800,000
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	954,423	812,683	1,147,503
05 Rents and utility services	1,693,851	2,480,570	3,067,035
07 Other contractual services	1,420,712	1,024,623	1,605,546
08 Supplies and materials	181,243	153,454	306,646
09 Equipment	16,897,371	17,328,000	13,873,270
Total obligations payable out of reimbursements from other accounts	21,147,600	21,799,330	20,000,000
Total obligations	201,524,384	226,278,453	242,800,000

Mr. SHEPPARD. The committee will come to order.

The committee has before it this morning the Bureau of Yards and Docks for the presentation of their justifications.

The Department is represented by Admiral Jelley and his associate officers.

Admiral Jelley, do you have a general statement that you wish to make to the committee?

Admiral JELLEY. Yes.

GENERAL STATEMENT

Mr. SHEPPARD. You may proceed with your general statement, and we will not interrupt you.

Admiral JELLEY (reading):

Mr. Chairman and gentlemen of the committee, we have prepared our budget for the appropriation "Civil engineering, Navy," with the basic objective of maintaining the Naval Shore Establishment as economically as possible consistent with planned naval strength and activity. The funds requested in support of the recurring functions covered by this appropriation have been reduced by approximately $20,000,000 in 1953 compared to the appropriation granted in support of the same functions for the fiscal year 1952. This will result in a gradual leveling off of expenditures for the recurring maintenance and operation of shore activities.

The requested appropriation as a whole is approximately $18,000,000 more than that provided in fiscal year 1952 because of an increase in the procurement of specialized material and equipment of almost $42,000,000. This results in a total appropriation requested for the fiscal year 1953 of $222,800,000.

We have made a thorough analysis of personnel requirements and have carefully evaluated workloads. As a result, a reduction of 1,279 man-years has been made in the 1953 submission from the total of 18,821 man-years in 1952.

Appropriation "Civil engineering, Navy," supports the technical and operational supervision and inspection of the Naval Shore Establishment, including its public works, public utilities, and transportation and construction equipment. To accomplish these responsibilities, funds are required for the support of the field offices of the Bureau of Yards and Docks; namely, the district public-works offices located in each naval district, the Bureau of Yards and Docks directors of overseas' divisions, and the base development section on Guam. Funds are also required for the maintenance and operation of the public-works centers at Norfolk and Guam, district public-works shops, construction battalion centers, construction equipment depots, public-works departments of various naval stations, the Civil Engineering Research and Evaluation Laboratory, and more than 24,000 units of Navy defense rental housing.

This appropriation provides for procurement of passenger-carrying vehicles for the entire Navy, equipment and material for classified activities, warfare defense material and equipment, and specific items for which this Bureau has technical and/or procurement responsibility. Included is the support of naval construction battalion units, both active and Reserve, which are concerned primarily with overseas construction. Funds for the operation of the Bureau of Yards and Docks' offices in Washington, D. C., is a separate program in the budget presentation.

In conclusion, I would like to point out that with the exception of the special procurement program which is approximately 40 percent of this submission, this budget provides for an over-all reduction in funds and personnel in support of the recurring programs financed under this appropriation. I consider that the funds requested are the minimum which will allow the Bureau of Yards and Docks to carry out its engineering responsibilities at the planned level of naval activity during the fiscal year 1953.

The obligated and committed amount under the appropriation as of December 31, 1951, is $124,028,217.71. This represents 63 percent of the funds appropriated for the fiscal year 1952. The balance will be substantially obligated by the end of the fiscal year. However, because of delay in the establishment of the United States Naval Construction Battalion Center, Gulfport, Miss., it is anticipated there will be a savings in this appropriation of slightly in excess of $1,000,000 which will be returned to the Treasury.

UNEXPENDED BALANCES

(CLERK'S NOTE.—For information as to unexpended balances, by budget activity, under the appropriation "Civil engineering, Navy, see p. 1514.)

DIVISION OF RESPONSIBILITY FOR FUNDING FOR REPAIRS, IMPROVEMENTS, ALTERATIONS, ETC.

Mr. SHEPPARD. Throughout the Navy budget items there are included amounts for maintenance, repairs, alterations, improvements, and so forth of physical facilities at stations, bases, and so forth under the control of the several bureaus.

I should like to have you give a brief statement at this point for the record as to what, in general, the Bureau of Yards and Docks has to do with those funds insofar as their application or use is concerned, and then in addition, what types of cost does your appropriation cover in the field of maintenance, improvement, repair, and so forth of facilities that are not covered by the other appropriations to which I have referred. In other words, where are the general dividing lines?

Admiral JELLEY. First, Mr. Chairman, we have certain management activities such as the activity at Port Hueneme. There are public works departments at a number of naval stations, the district public works offices, the ones that we finance entirely from "civil engineering," and funds for maintenance and repair at Hueneme or specific naval stations would be financed from this appropriation.

In addition to that, funds are appropriated to, say, the Bureau of Aeronautics for maintenance and repair work at air stations, and to the Bureau of Ordnance for ordnance stations, and so forth. Over those funds we in the Bureau of Yards and Docks have no direct control. We provide services to those bureaus—technical engineering services—from the Bureau of Yards and Docks, and from the district public works offices.

For example, we will have a sanitary engineer in the district public works office who will advise the air station or the ordnance station or the hospital on sanitary engineering problems.

We will have a fire prevention engineer who will advise and who will report the necessary repairs or improvements that must be made.

We also are responsible for advising various procedures such as work measurement of those people engaged in maintenance and repair activities.

We will work up the system. The figures will be supplied by the individual air station or the ordnance station. In the Bureau of Yards and Docks we will process these figures and report to the Bureau of Aeronautics and the Bureau of Ordnance the performance at their individual stations.

The districts also provide a contracting agency to do maintenance and repair work under contract.

A station will inform the district that they have an allotment, for example, $25,000, to repaint a building or make a building repair. It will be up to the district to draw plans and specifications, take bids, prepare an award of contract, supervise, and inspect the operations of the contractor, and to make the necessary payments.

Mr. SHEPPARD. For example, from your statement both in the general presentation and the one that you have just made, you actually function as a service agency for the other departments of the Navy?

Admiral JELLEY. Exactly.

Mr. SHEPPARD. You do not inaugurate or construct for your own particular function as such?

ANNUAL INSPECTION OF STRUCTURES

Admiral JELLEY. Well, we would inaugurate in this way: We are responsible for making a detailed annual inspection of all structures and facilities of every station. We will make that inspection which will include various recommendations. Building No. 135 may have termites in its foundation.

Mr. SHEPPARD. That would be maintenance.

Admiral JELLEY. That report is delivered to the commanding officer of the station, who comments on it and forwards it through to his management bureau, so we inform them of the condition of his station annually.

Mr. SHEPPARD. You do that through the public works officer assigned on board at that station?

Admiral JELLEY. Coordinated by the district. It is the station's responsibility to decide whether to take their appropriated funds and replace the termite timbers in building A, or repaint building B, and so forth.

POLICY ON NEW CONSTRUCTION

Mr. SHEPPARD. When it comes to required new construction emanating from another department, that obviously has its concept origin in the department itself, and then it is referred to you; is that correct?

Admiral JELLEY. Yes.

The procedure for new construction is quite elaborately laid out. There are various offices and branches of the Navy Department that get a finger in it.

In general, it goes via the Bureau of Yards and Docks to be examined from the standpoint of cost and engineering feasibility, rather than from the standpoint of necessity or desirability.

Mr. SHEPPARD. Let us assume at this time that agency X wants two sets of barracks. We will use that as an example.

Do they indicate to you what they want in those barracks, or do they just say to you, "We want barracks to accommodate so many men"?

What I am trying to do right here, very frankly, is to determine the line of demarcation and authority as to what the end results in new construction may be. I am not referring to overhaul or maintenance or any of that type of function at the moment.

There seems to be some confusion as to the jurisdiction of the agency requesting new construction as against that of Yards and Docks, and I would like to have that clarified by you.

Admiral JELLEY. An agency desiring new barracks in general would make this request: "We need barracks for X number of men." Then it would be up to us to analyze that request in the light of departmental directives, and in the light of local conditions.

For example, the barracks at a regional training station would not be the same as a barracks at a school where there would be all rated men engaged in studies. It would be our responsibility to see that the barracks for the training station were properly designed for that function.

However, the Management Bureau would give us the number of men to be housed and the location in general. We might have to juggle the location slightly to fit in with the grounds, but in general they would say, "We want this part of the station, and we want to take care of so many men." It will be up to us to take care of all those technical features and the materials of construction. If we have 50 brick barracks already we would undoubtedly build two more brick barracks rather than putting up two wooden barracks in the middle. It would be our responsibility to decide whether it would be brick, wood, or concrete.

The Management Bureau might request special features that they would want in the barracks because of its use; that is, if it is a training station they might say, "Well now, we have a lot of boys that we want to teach the first few months in the Navy to scrub their own clothes and we want good facilities for what we call wash racks." At a school they might say that they want so many rooms in those barracks so that the men can study at night, but in general they give us the number of men to be housed, and it is up to us to go from then on.

Mr. SHEPPARD. The type of building that is ultimately constructed upon the property follows the architectural designs already existing on the post, and it will be pretty much in accordance with a master plan that is invariably in existence pertaining to a station?

Admiral JELLEY. Yes.

Mr. SHEPPARD. My information is to the effect that in the major portion of our established stations—and I am not talking about brand-new or semiestablished stations, or anything of that kind—we have master plans that have projected over a long period of time. You conform with that plan, locationwise, insofar as you can, unless there are some special requirements handed down to you that would cause you to deviate from that master plan, is that pretty literally true?

Admiral JELLEY. With one exception. Our master plans are not up to date, and we have just started a program in this fiscal year of requiring every station to redo the master plan on a uniform Navy-wide basis. We have specified the size of the sheets and what shall be on sheet A and sheet B. I think it is a much better system than the one that we have followed up to now, because it will let us project into the future a lot better.

It will be another year before those master plans will be in what I consider a satisfactory condition. While we do have master plans at most stations today, I think that they have not represented the same over-all thought that our new system will provide.

For example, under the old system, we really went building by building. We would need a new foundry here or a new dispensary there. In our new system we are starting in on an area basis. We are saying, "Here is your station. This should be the personnel area and this should be the shop area and this should be the storage area, and these are the buildings that should go into the shop area and these are the buildings that should go into the personnel area." I

think that you will find in some of the older stations that we will have the dispensary in the middle of a shop area because of the growth over the years, or the storehouse in the middle of the personnel area. We hope to do a better job in master planning from now on.

Mr. SHEPPARD. With reference to the so-called standardized concept that is rather prevalent on the part of the Secretary of Defense's office; to wit, the use of the same pattern as much as possible in the construction procedure in order to obviate what is termed an unnecessary expense by additional architectural designs, engineering work, and so forth, if we are to follow the pattern of conformation upon the part of the respective posts due to the deviation that has resolved itself out of a period of operation over the years, to completely adopt the standard construction plan as such is not going to fit into the scheme of operations very well, is it?

Admiral JELLEY. No, sir. In barracks we have a standard schematic system.

BUILDING STANDARDIZATION

Mr. SHEPPARD. When I referred to that, I deviated from barracks. I was thinking of the entire plan in general, such as standard buildings, barracks, warehouse and what we call commonplace operations, construction speaking.

Admiral JELLEY. In my opinion, it would be very dangerous to adopt a strict standard plan. That would result in building the same type of building in Portland, Maine, that you would build in Los Angeles, Calif., which is obviously wrong. Your building in Los Angeles should be designed with the conditions in Los Angeles in mind.

We have gone more on a space basis. In barracks you shall use 72 square feet per man in the dormitories. We make an arrangement where the dormitories shall be here, the washrooms there, and space shall be provided for stowage of bags.

Mr. SHEPPARD. While we might have a deviation in construction as to the internal functions, meaning by that so many square feet for this particular requirement and so many square feet for another requirement, nevertheless the external application of the standardized construction could, under the concept of so many people, be attained?

Admiral JELLEY. I think it could.

Mr. SHEPPARD. From your experience would you figure that it would be more economical on an external application of standardization to apply that yardstick irrespective of how it would conform or not conform with the architecture on board?

Admiral JELLEY. We could come up with a strict standard today that would be obsolete in 6 months. Six months ago it was difficult to get steel. Today steel is getting much easier. Well, 6 months ago we would have developed that standard upon the fact that steel would not be available. Today we would develop it with the thought in mind that steel would be available. A year from now I do not know what the conditions are going to be.

Mr. SHEPPARD. Addressing myself to the statement that you just made with reference to steel, and specifically to the external portion of the construction of the building, are you presently, or have you in the past, eliminated external steel application in your concrete

function, supports, and so forth, and I mean your walls, your shell, as it were?

Admiral JELLEY. As a matter of policy, mainly because of the delays—we could get the steel, but it took us a long time to get it—we reduced the amount of steel as much as we could. Our steel requirements were very small compared to the industry's output, and we had no trouble getting the steel that we needed from the National Production Authority. However, the deliveries were so slow that it was good sense to substitute something else for steel. It was not the situation that we had in the last war when there was not enough steel to go around. There is enough steel to go around, but it took a long time to get the steel.

Speaking of standardization, it is most difficult, going back to barracks, to standardize within the Navy itself. Basically, what they try to get in their barracks is something that will fit the organizational unit. Well now, the marines have one size organizational unit. They would like to be set up as a batallion with a group of barracks that would take companies and platoons.

At a training station where you have large numbers of men going through you have a different condition.

At an air station where you have the squadrons coming in you have another condition. Where you have the station force that is permanently assigned you have a different condition. You could have one huge barrack for the station force, and it would not make any difference. But when you come to the squadrons you should be able to billet those squadrons in groups, so it is very difficult to say that the barracks must be for 100 men or 200 men or 500 men.

Mr. SHEPPARD. If there were going to be a standardization in the shell construction, as such—and I am trying to apply the word "shell" properly here—there would have to be a complete revision of existing requirements upon the part of the services for which you do construction work?

Admiral JELLEY. Exactly; yes.

Mr. SHEPPARD. And the change would have to be made on that level before conformity of construction could be effected on the level at which you have to work?

Admiral JELLEY. Yes.

Mr. SHEPPARD. You do not feel at this time by following a pattern of that character there would be any economy effected?

Admiral JELLEY. No, sir.

Uniformity is being obtained in this way: The number of square feet allowed per man is being fixed. You might have a 100-man barracks in the Navy that would be a square building and in the Air Force a 100-man barracks that might be oblong and the buildings would not have any resemblance to each other; yet the space allowed for the men would be the same, and in general your cost depends upon the number of square feet in the building, so we can standardize roughly on cost. But as far as its shape is concerned, arrangement, or materials of construction, I think that is an almost impossible thing to try to standardize. Conditions change so rapidly.

Mr. SHEPPARD. There has been some correspondence submitted to the committee in the past 18 months relative to new technique in construction, what they call the flatside operation, and it is commonly

known as the tilt-up construction. That is the way that it is defined to me.

It is contended on the part of those who are in that field of function that where they have a reasonable amount of construction to perform, and they do not have to exceed 30 feet plus, that that type of construction will be about 10 to 12 percent cheaper than the so-called board type of construction. What are your comments pertaining to that, if you have made any investigation in that field of construction?

Admiral JELLEY. I think the tilt-up type of concrete construction has advantages in certain locations. We have tried it in the past and found it to be more expensive on relatively small complicated structures. However, where you have opportunity for mass production, I think it will represent significant advantages, and in connection with the proposed construction at Twenty-nine Palms we have specified a tilt-up type of construction because there we are building one-story concrete barracks. There is a relatively large number of them so that the contractor can set up his type of planning and have a uniformly efficient operation.

Mr. SHEPPARD. You have an efficient function there.

Admiral JELLEY. If you are building one building with set-backs and things like that, it really adds to the expense.

Mr. SHEPPARD. That is their contention as well as yours. Their statement, so far as my correspondence is concerned, definitely indicates that in order to save the 10 or 12 percent, there has to be a production line basis and the operation cannot be confined to a limited amount because they lose the percentage. Furthermore, they cannot go to an elevation in excess of 30 feet because if they do the mechanical devices necessary to lift the slabs offsets any saving that could be made at the lower level.

Admiral JELLEY. That is true. There are many types of tilt-up construction.

Mr. SHEPPARD. That is correct.

Admiral JELLEY. We have specified as an alternative what is known as a sandwich wall, where they pour the wall on the ground as in tilt-up construction, but there is a layer of concrete, a layer of fiber glass for insulation, and another layer of concrete and then it is tilted up. That was in competition with brick-veneered concrete block. We felt in analyzing the job that the tilt-up type of construction would be cheaper because we were building 10 identical large storage houses.

However, when the bids come in—and we had, as I recall, 16 bidders—the brick construction came in cheaper and only three of those contractors quoted the tilt-up type of construction cheaper than the conventional construction.

That illustrates one of the great difficulties in introducing a new process. The contractors are reluctant to accept it. They have to train the workmen in how to use it and they would rather play safe. They will say, "Well, we have been building brick buildings for a long time and we know exactly what we will get. We do not want to take a chance on this other one."

So, a new type of construction such as this tilt-up construction does present its problems. I first ran into it in 1946 in the Midwest. It takes about 10 years really to develop a group of contractors who have confidence in it, and who can really spark plug it.

Mr. SHEPPARD. You have only two firms, as far as I know, that have pioneered in the field for a sufficient length of time to have a background of experience. I think one of those emanated from Texas and the other was a southern California organization. Then, more recently, there is a firm that has been doing work in that field from New Jersey.

Admiral JELLEY. There are a number of midwestern and eastern firms. The Portland Cement Association has been pushing it since 1946.

Mr. SHEPPARD. In the handling of your bids, do you permit alternate bids that would include the possibility of those in the so-called tilt-up construction field of submitting bids in general, or are there just specific cases where they are entertained at all?

CONFORMANCE TO DESIGN

Admiral JELLEY. It would be in specific cases. In other words, we would have our specifications set up to permit the submission of alternates. When someone has a new type of construction he will come to our design officers and attempt to sell it, pointing out the advantages and the possible savings in cost. If he has something that is adaptable sometimes we will specify that and allow no alternates. At other times we will permit it as an alternate to a standard type of construction.

In general, we do not permit someone to come in and say, "You have specified a poured concrete building, but we will put up a cinder block building with steel frames and offer it to you at so many dollars." We have not done that. That would introduce a tremendous difficulty in the analysis of bids.

It is up to our design people to make that analysis in advance. In other words, would a steel frame be better than a concrete frame? Then if they decide that a steel frame is better they would specify it. It should not be done after the fact when the bid is opened.

CONSTRUCTION IN CONFORMANCE TO LOCAL BUILDING CODES

Mr. SHEPPARD. I think that is pretty generally true with this reservation: You have criteria that I understand in the design work that are interchangeable from the concept point of view, meaning by that that our design engineers keep pretty much abreast of the so-called construction operation universally. The one thing that I think is rather interesting, if my information is correct, is, taking California as an example, they have one of the toughest construction State laws there is in the entire United States or I have been told that. You might know more about that than I do. That is so because of their earthquake difficulties. California is pretty rigid on their construction. I refer to buildings that fall within their own jurisdiction; not that of the military, because you have your own option there, but if they had perfected design requirements that will withstand the climate and the earthquake conditions, the conditions with which they are confronted, it would occur to me that in itself would be a rather indicative factor to your design engineers within your Department There, apparently, would be a yardstick of experience of a difficult re-

quirement that might even exceed the requirements for which your designs were being made, geographically speaking.

Admiral JELLEY. Of course, you are right in that we are not bound by any State or local building codes. However, as a matter of policy, we try to conform to them as much as possible. In other words, another point I think that directly bears on your observation is that practically all our design work is accomplished by local and private architects and engineers. In other words, we do not go to a man in New York City and say that we want him to design a building in Los Angeles. We go to a man in Los Angeles and ask him to design the building.

Now, the engineer in Los Angeles will be familiar with the requirements for the withstanding of earthquake loads and the available materials in Los Angeles, and the available labor in the Los Angeles area, and he will apply the experience that he has gained on private construction to military construction.

DESIGN CONTRACTS

Mr. SHEPPARD. How much actual design work do you do within the confines of your own Department as compared with the amount of design in architectural work that you put out to individuals on contract in geographical areas?

Admiral JELLEY. It varies from year to year in accordance with the size of the program. At present we have a very large program, and I would say that not more than 5 percent of that would be done by our own people.

Mr. SHEPPARD. That is due to the added workload that you have in that respect for which you do not have the personnel to consummate your design to put them in the status of requirement for end results, or for bid purposes?

Admiral JELLEY. Yes; but even in 1948, when we had a relatively low workload, I do not think that we did more than 25 percent of it, so I would say as a maximum we would not do more than 25 percent of it with our own engineers.

We try to restrict our own engineers to the over-all problems of setting up standards, criteria, checking the work of the architects and engineers that we employ.

The figure that I gave of 5 and 25 percent included our district offices also. The district offices will also do some of the design jobs within that 5 percent or 25 percent, but in general they also are either working on the over-all problems, and the problems of checking the designs prepared by others, or they are taking care of the smaller maintenance types of jobs at the stations which in general are more difficult to contract for.

Mr. SHEPPARD. With regard to when you have your designs contracted for by architects and engineers within geographical areas, once they have completed the design what is the average percentage of change orders that you find it necessary to issue within the Department, if any?

Admiral JELLEY. Well, the need for the change order arises from three conditions.

One is error on the part of the architect. In other words, he has put an electric wire through a pipe. That may often happen be-

cause one engineer is designing the piping system and another the electrical system, so once in a while you run into a case where you have two things in the same spot.

On a normal design job with normal architects and engineers, I would say that change order is in the amount of 2 percent of the contract price resulting from that. If you got a poor job, or an inadequate or inept architect-engineer, it might run as high as 5 or 6 percent.

Mr. SHEPPARD. How do you get those fellows?

Admiral JELLEY. We usually get them once. In other words, when we selected them we thought that they were going to do a good job on the basis of their past work. If we find that their job is not up to standard, we do not hire them for any more jobs. That does not happen very often.

I was trying to give you an outside figure that you might expect.

Mr. SHEPPARD. I wanted that figure because that is apropos of what we are discussing.

Admiral JELLEY. There is a second source of change orders and that is unforeseen conditions.

You may have poor foundation conditions. Although we may have made borings and investigations, we may run into that. It is just like wildcatting for oil. You spot the borings over the job. Sometimes you will have no changes due to that, particularly if you are in a place where you have uniform sand or shale conditions. But if you get into an area of quicksand or scattered rock, you may have trouble.

I have seen the unforeseen conditions run as high as 20 percent of the contract price, but that would be an extreme case.

Finally, there is what you might say is a change of mind. You have designed a shop building, for example, and while you have gone over with the shop superintendent the plans and specifications, it is awfully hard to read blueprints and visualize what you are going to get. I have seen this happen: The walls would be going up inside of the shop and a man would tear his hair and say, "Well, it will not work that way." I will say, "You signed the blueprints." He will say, "I did not realize what was going to happen." So that is an infrequent source, fortunately, of change orders.

Mr. SHEPPARD. I would assume with respect to the change orders that you have referred to the most costly type would be where you run into unforeseen conditions in your foundation.

Admiral JELLEY. Yes. The costs are liable to, and certainly in certain areas and cases do run very heavy.

I recall at Pearl Harbor, for example, we were putting in some kind of building foundation and there appeared a little hole. It was a lava type of rock, and a little hole was discovered in the excavation. The old foreman said, "Well, let us probe that," and he got a rod and poked around there, and it did not amount to much. He said, "We were putting in a foundation for the power plant stack, and there was a little hole like that, and when we probed it we found a vacant space 25 feet in diameter under there, a great big gas bubble." So the old-timers around the station learned about those peculiar conditions.

Mr. SHEPPARD. It is very expensive if they do not learn about them in time.

Admiral JELLEY. It certainly is.

CONTRACTING POLICY

Mr. SHEPPARD. Now, deviating from that subject to another one, what is the method—and this is policy and that is why I am directing the question at this point in the inquiry—or policy of issuing contracts as of the past 3 months? Previously, when you appeared before the committee, if I recollect correctly, there was some discussion about the method of handling contracts, but at that time you were in difficulty in getting into a field of competition so that there were many aspects in the handling of your contracts that had to be readjusted because of the noncompetitive potentialities in the field.

A recent investigation throughout all sections of the United States—and I confine my comments to the United States—has indicated that there is now available a status of competition in the contract construction field. Do you agree with that report?

Admiral JELLEY. I certainly do. At least in the areas of the Nation in which we have been operating we have had much heavier competition for contracts of all sizes.

Mr. SHEPPARD. Now, with that availability in view, what are the present methods that you are using within the Department in getting your construction bids out to the public? What method of procedure do you use?

Admiral JELLEY. In general, we follow the peacetime procedure of advertised competitive lump-sum bids. Any deviation from that would be treated as an exception and investigated very carefully before it would be authorized.

Mr. SHEPPARD. Do your invitations to bid carry a requirement of performance bonds?

Admiral JELLEY. Yes.

Mr. SHEPPARD. Assuming that you have a $1,000,000 construction contract that you want to have effected, what would be the percentage of performance bond that would be required as a matter of policy?

Admiral JELLEY. As I recall, there are two bonds provided for by law, a payment bond, which guarantees the payment of a contractor's material bills and labor charges, and a performance bond.

As I recall, the payment bond is 50 percent of the value of the contract, and the performance bond is 100 percent.

We have done that because the bonding companies have informed us that there is no difference in the cost to the contractor between a 50 percent performance bond and a 100 percent performance bond.

Mr. SHEPPARD. And the 100 percent performance bond will give you better protection?

Admiral JELLEY. We feel that it gives us better protection.

ADVERTISED COMPARED WITH NEGOTIATED-TYPE BIDS

Mr. SHEPPARD. Can you tell me at this time what percentage of contracts in the last 6 months have been issued on an advertised premise as against the so-called negotiated bid? That question is directed to the functions of the Department as a whole and not to any specific geographical area.

Admiral JELLEY. I would say that 98 percent of the number of contracts have been on an advertised-bid basis over the past 6 months.

Mr. SHEPPARD. What happens when you are functioning as a service

agency for another department? Do you have the prerogative to issue your contracts upon that premise, or are you subject to instructions from the other agency for which you are performing the service to advise you of the procedure that they want to follow?

Admiral JELLEY. We have the final say. Although I do not remember any particular instances, they might urge that we do this work under a cost-plus basis, or a negotiated basis, but even if they did we could refuse. In other words, I am the contracting officer and I decide the type of contract, not the bureau that is getting the work done.

As far as public works are concerned, the funds are appropriated to us directly and not to the Bureau of Aeronautics or the Bureau of Ordnance, or the Bureau of Medicine and Surgery.

Mr. SHEPPARD. I have reference to where you might be performing duties in your Department that might emanate from another department of the service other than Navy.

Admiral JELLEY. They could very properly call to our attention special features. I am thinking more of the repair type of contract where it might be in a section of a naval station where there would be security reasons. They might say that you can only have contractors cleared by Naval Intelligence, or whoever does the clearing.

Mr. SHEPPARD. Aside from that.

Admiral JELLEY. Even then we would say, "No, we do not agree with that. We will take bids and then let the successful contractor get cleared, and if he does not get cleared we will take the next bidder." So we have the final say in every case.

We also have a type of contract known as civil works, where it is not the Bureau of Yards and Docks' funds, where they contract with the manufacturer to do the work. There, also, we have our engineer in the pie, and while it may be a Bureau of Aeronautics contract, or a Bureau of Ordnance contract, we are still responsible for the construction methods.

Mr. SHEPPARD. Who determines the priority, or the expeditious retirement of construction that would obviate your Division or Department handling it on an advertised bid premise? Where is the determining factor that creates that deviation?

Admiral JELLEY. Do you mean the length of time allowed by the contractor to do a job?

Mr. SHEPPARD. The method of procedure against negotiated operations, or that of an advertised bid. You referred in your comments to the fact that was some special condition that would prevail that would cause you to deviate from the advertised bid contract concept. Now, when that occurs, who determines the expeditious requirement that causes the deviation?

Admiral JELLEY. If the Management Bureau came to us and said that a particular work must be done by a certain date, we would analyze the problem together with the time required for the preparation of plans and specifications, the time required for the preparation of advertising, and the time required for the preparation for construction; and it is quite possible, and it has happened in the past, we would decide that we would save a month if, instead of advertising, we restricted the bidding to a half dozen bidders; or in an extreme case we might decide that a cost-plus-a-fixed-fee contract was warranted.

We had one case like that recently in connection with one of these private plants where, after analyzing the problem, our recommendation was that we split the work into a number of contracts, and award a contract for the foundations, the pilings and the footings, and a separate contract for the steelwork. In that patricular job steel was the bottleneck, and we got bids from the large steel companies, and got our order in months in advance of what we would have done if we had waited for the design to have been completed.

Mr. SHEPPARD. Has there been any consideration within the Department, or by and between your Department and that of higher echelons of policy making wherein it has been discussed that large contracts should be broken up into smaller increments in order that the work could be split up among the contractual field as such?

Admiral JELLEY. No, sir; not among or with higher echelons. That is the responsibility of the Bureau of Yards and Docks.

We have had that problem under consideration, and it has been gone into more extensively with Mr. Riley's Public Works Subcommittee. We have discussed it with contractors and contractors' associations, and recently promulgated a letter to our field offices that we did not want them to contract for a larger amount than $3,000,000 unless there were some special circumstances and conditions.

Mr. SHEPPARD. How much opposition did you get from the contractors' associations relative to breaking these contracts up into increments, as compared with the others who were acquiescing?

Admiral JELLEY. I would say we got no opposition as to the size of the job. The general thought seemed to be to make it a logical division. In other words, just do not arbitrarily split the job up into two or three parts, but do it on a logical basis as a man of sound experience would.

For example, we had a request recently in connection with our magazine construction at McAlester, Okla., to split the railroad work and the magazine work, which we refused to do, because the job was to build some 80 magazines, and you know, they are spaced, not closely, but in a uniform manner over sections.

Now, each of those magazines had a railroad connection running up alongside the loading platform. With one contractor building the magazines you would have one in there grading and putting up his concrete work, and then having built these magazines he was the one best fitted to determine when to bring the railroad work along which also involved grading and an amount of work on the sidings.

If we had had two separate contractors in there they would have been in each other's hair all of the time, and one fellow would want to put his railroad in just about the time the other fellow was going to pour his concrete, and so forth.

However, if conditions were such that we could go ahead 6 months later or 6 months earlier and put the railroad work in, there would be no sense in attaching it to another contract. It requires individual study in each case.

Mr. SHEPPARD. There has been reported to the committee in a couple of instances a suggestion or procedure that I would like to ask you about, which is that in construction where one prime contractor is generally responsible for the completed building that that is a more expensive operation than to have one contractor handling one type

of construction and, hypothetical, an electrical contractor handling the other type of operations. It is true that they have to work in unison, and that is understood, but the consensus of opinion was that it would be a cheaper formula to follow that policy than to have one contractor doing it all, and then paying him an overriding percentage.

Have you any comments upon that issue, Admiral?

Admiral JELLEY. I do not agree with that conception at all.

When it comes to erecting a building, I think that you have to make one contractor responsible for it. He has to plan in advance when he expects to do the first floor, when he expects to do the second floor, and when he expects to put in partitions.

He has to inform his plumbing contractor, his electrical contractor and the other subcontractors when they are to be on the job with their materials to do the plumbing work, to do the electrical work, and so forth. That enables the subcontractors to arrange for both their material and labor to be on hand and ready.

Now, there is quite a move in that direction in a number of States, I know at least in the States of North Carolina and Arkansas, and maybe more. On State work they require that electrical work and the plumbing work be contracted for separately.

However, most of the work that those States do is highway work and things like that that do not involve the same requirements for scheduling as building requirements.

Mr. SHEPPARD. Invariably where you are functioning with counties, States and municipalities, due to the manner in which they arrive at their expendable funds for this purpose, there is a great deal longer time element involved than there is in the general process which you have to follow, specifically in the expansion program with which you are presently dealing.

Admiral JELLEY. Yes, sir; that is correct.

Mr. SHEPPARD. So, I can see a rather significant factor involved there.

Admiral JELLEY. If we are building utilities which involve electrical work, and pipe fitting of one kind or another we will frequently let that to a separate contractor rather than add it to some other general contractor's job, and all of the bids on that work will be from electrical contractors or mechanical contractors. A significant proportion of our work is directly contracted for with an electrical or mechanical contractor, but it would not be in the case of a building where you had such an interrelationship.

Mr. SHEPPARD. What does your experience indicate on your so-called cost-plus-fixed-fee contracts as against your advertised procedure; which of the two do you ordinarily find the most expensive, if there is any difference?

Admiral JELLEY. Mr. Chairman, it is almost impossible to get an exact comparison. I do not think it is the type of contract that makes it more expensive because I have had experience during the past war under cost-plus-fixed-fee contracts where we got work done just as cheap as you could under your bid contract.

In my opinion, the expense in cost-plus-fixed-fee contracts is caused by insufficient information and plans when the contract was let. You started the foundations before the design of the building as a whole had been completed. The job strung out because invariably your

designs were not quite ready on time, or the material was not quite delivered on time, and, human nature being what it is, the workmen slowed down until they saw more material coming on the job.

Mr. SHEPPARD. Even though that became a prevalent factor that particular type of operation is subject to renegotiation and recapture if any of the funds were expended inconsistent with the requirements.

Admiral JELLEY. Not a cost-plus-a-fixed-fee contract. The only part that you could renegotiate on that would be the fee itself which might be 2 percent of the cost of the job, whereas any overrun in cost would have been caused by the labor because of the men putting out less productivity when materials were not in hand.

Mr. SHEPPARD. Those are in the fixed category, though, and established, of course, and the only premise upon which renegotiation would be entered into would be upon the fee premise, and that portion of it is subject to revision or refinement or scrutiny, call it whatever you may, by the operation I referred to.

Admiral JELLEY. Yes, sir.

CIVILIAN PERSONNEL

Mr. SHEPPARD. I wish at this point in the record you would insert a statement on civilian personnel along the following lines, by budget activity: the employment at June 30, 1951; the employment at December 31, 1951; the employment estimated at June 30, 1952; the employment estimated at June 30, 1953; the man-years for the fiscal year 1952, and the man-years for the fiscal year 1953, and the personal service costs for 1953. I would like to have them segregated as between white collar and blue collar, as that term is applied.

Admiral JELLEY. We will be pleased to furnish that for the record.

(The matter referred to is as follows:)

Civilian employment by budget activity

Budget activity	Civilian personnel estimated on board [1]				Fiscal year 1952			Fiscal year 1953		
	June 30, 1951	Dec. 31, 1951	June 30, 1952	June 30, 1953	Positions	Man-years	Personal service cost	Positions	Man-years	Personal service cost
1. Engineering services	2,440	2,757	2,883	3,178	3,821	2,560	$12,979,973	3,707	2,732	$12,460,811
Group IV (b)	2,248	2,562	2,690	2,985	3,607	2,374	12,266,973	3,493	2,548	11,678,905
Group non IV (b)	192	195	193	193	214	186	713,000	214	184	781,906
2. Industrial mobilization	52	44	45	47	73	41	222,917	73	42	242,048
Group IV (b)	52	44	45	47	73	41	222,917	73	42	242,048
Group non-IV (b)	0	0	0	0	0	0	0	0	0	0
3. Maintenance and operation of shore establishment [2]	12,220	15,320	16,053	12,235	17,278	15,485	50,617,550	15,556	13,999	45,590,677
Group IV (b)	2,344	2,579	2,906	1,789	3,386	2,852	10,672,119	2,726	2,339	8,123,416
Group non-IV (b)	9,876	12,741	13,147	10,446	13,892	12,633	39,945,431	12,830	11,660	37,467,261
7. Departmental administration	733	738	790	790	1,035	735	3,962,500	1,035	769	3,973,205
Group IV (b)	726	730	782	779	1,024	727	3,839,500	1,024	758	3,941,614
Group non-IV (b)	7	8	8	11	11	8	23,000	11	11	31,591
Total	15,445	18,859	19,771	16,250	22,207	18,821	67,682,940	20,371	17,542	62,266,741
Group IV (b)	5,370	5,915	6,423	5,600	8,090	5,994	27,001,509	7,316	5,687	23,985,983
Group non-IV (b)	10,075	12,944	13,348	10,650	14,117	12,827	40,681,431	13,055	11,855	38,280,758

[1] On board civilian personnel estimated due to comparative transfers between Navy appropriations.

[2] Included in this entry are personal services payable out of reimbursements from other accounts as follows: Fiscal year 1952, man-years, 225; personal service cost, $812,683. Fiscal year 1953, man-years, 315; personal service cost, $1,147,305.

Mr. SHEPPARD. Mr. Fernandez, do you have any questions on the general statement regarding policy?

Mr. FERNANDEZ. I have no questions, Mr. Chairman.

Mr. SHEPPARD. Mr. Wigglesworth?

TRANSFER OF ACTIVITIES

Mr. WIGGLESWORTH. Your request for $222,800,000 for 1953, as compared with the appropriation this fiscal year of $196,488,000, apparently includes $11,906,000 for activities previously carried under other appropriations and excludes $171,000 for activities transferred to Navy personnel, general expenses.

Mr. MORRISON. I can answer that by saying that in this concept of performance budget there has been a constant rearranging of appropriation responsibilities since 1951.

Mr. WIGGLESWORTH. I have observed that fact.

Mr. MORRISON. There was an appropriation set up under the Chief of Naval Operations called, "Service-wide operations." There were transferred to that function a lot of maintenance and operating functions pertaining to the naval shore establishment.

The present inclination is that CNO will limit its budgetary responsibilities to military administration.

In doing that they have transferred to a few of the bureaus certain of the maintenance and operating responsibilities we have budgeted for in 1952. Now, insofar as the appropriation "Civil engineering" is concerned it has to do with the transfer to this appropriation in 1953 of housing units and the district transportation pools, and certain of the water-front structures in certain of the naval districts. That makes up principally all of this transfer.

Now, you mention a transfer out of civil engineering of $171,000. That is transferred to the Bureau of Naval Personnel for the instructors at the naval schools of construction at Port Hueneme, which appropriation "Civil engineering" has heretofore paid for, but it is considered a training function, and as such was transferred to the Bureau of Naval Personnel.

Mr. WIGGLESWORTH. In comparing the sums requested for 2 years past is the fact that the words "advance base depots" are deleted from the 1953 request significant?

Admiral JELLEY. No, sir; that was a wrong title. The former naval station at Port Hueneme was redesignated "Advance Base Depot, Port Hueneme."

It is a change in title rather than a change in funds, as far as that is concerned.

Mr. WIGGLESWORTH. In other words, your work in the 2 years is on the same basis?

Admiral JELLEY. Yes, sir; as far as that over-all command is concerned.

Admiral CLEXTON. The advance base depots have been redesignated construction battalion centers, and, therefore, are in the language after deleting the words, "advance base depots".

Mr. SHEPPARD. In other words, the change is no change monetarily speaking, but jurisdictionally speaking?

Admiral JELLEY. Yes, sir; that is correct.

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OBLIGATIONS, EXPENDITURES, AND BALANCES

Mr. WIGGLESWORTH. Now, in your general statement you said that the obligated and committed amount as of December 31, 1951, was $124,028,217.71.

I understand the actual obligations, as distinguished from commitments were $112,195,604, and I would like to have the actual expenditure figure as of that same date.

Mr. MORRISON. The actual expenditure figure, Mr. Wigglesworth, as of December 31 was $43,322,746.

Mr. WIGGLESWORTH. You apparently anticipate an unexpended balance as of June 30, 1952, of $118,016,589, and as of June 30, 1953, of $126,049,530.

Mr. MORRISON. That is correct, Mr. Wigglesworth. That is caused by the long lead-time in the advance base material and equipment procurement.

LONG LEAD-TIME PROCUREMENT

Mr. WIGGLESWORTH. I notice that the Secretary of Defense indicates that of the total of $126,000,000 plus that $93,000,000 is required for long lead-time procurement of advance base components, and so forth, and the remaining $33,000,000 is required for unpaid salaries, travel, field procurement, other administrative expenses incurred in the fiscal year 1953, plus research and development, repair of trucks, and where final work has not been completed for bills rendered prior to the end of the fiscal year 1953.

CIVILIAN PERSONNEL

Now, in speaking of your civilian personnel you stated that as a result of careful evaluation of workloads a reduction of 1,279 man-years has been effected in the 1953 submission from the total of 18,321 man-years in 1952.

Looking at pages 250 to 252, inclusive, of the budget appendix, where there is a breakdown of the item personnel, first departmental, and second field, I gather that you arrive at that deduction of 1,279 man-years by combining a decrease in the field from 18,086 man-years to 16,773 man-years with an increase for the Department from 735 man-years to 769 man-years.

Mr. MORRISON. That is correct, Mr. Wigglesworth. In the Department there is shown an increase of 34 additional man-years.

Mr. WIGGLESWORTH. So that, as far as man-years are concerned, you are proposing to increase your departmental personnel about 5 percent and decrease the field personnel about 7 percent?

Admiral JELLEY. That is correct; yes, sir.

Mr. WIGGLESWORTH. You referred to them in a general way, but what is your field set-up in terms of offices? You have district public works offices in each 1 of the 10 districts?

Admiral JELLEY. Continentally; yes, sir. There are several overseas districts too.

Mr. WIGGLESWORTH. Tell me what you have. You have 10 district offices.

Admiral JELLEY. We have 10 district public works offices continentally, and 4 overseas.

Mr. WIGGLESWORTH. Public works offices?

Admiral JELLEY. Yes, sir.

Mr. WIGGLESWORTH. Then you have, I see here, Bureau of Yards and Docks Directors of Overseas Divisions. Where are they?

Admiral JELLEY. We have two of those, one in New York for the Atlantic area, and one in San Francisco for the Pacific and Alaskan area.

Mr. WIGGLESWORTH. Two Bureau of Yards and Docks Directors of Overseas Divisions, and then you have one base development section on Guam.

Admiral JELLEY. Yes, sir; that is very similar to a district public works office, but Guam is not set up as a naval district.

Mr. WIGGLESWORTH. Then you have some public works centers.

Admiral JELLEY. We have two, one at Norfolk and one at Guam.

Mr. WIGGLESWORTH. And district public works shops. How many of those do you have?

Admiral JELLEY. Two.

Mr. WIGGLESWORTH. And construction equipment depots. How many of those do you have?

Admiral JELLEY. Three.

Mr. WIGGLESWORTH. And public works departments of various naval stations.

Admiral JELLEY. Fourteen naval stations?

Mr. WIGGLESWORTH. Fourteen?

Admiral JELLEY. Yes, sir.

Mr. SHEPPARD. And Civil Engineering Research and Evaluation Laboratory.

Admiral JELLEY. We have one.

DETAIL OF PERSONNEL

Mr. WIGGLESWORTH. That is about 42 offices. Can you give us a table that will show for each of those 42 offices the number of white-collar personnel and the number of blue-collar personnel (a) for the fiscal years 1952 and (b) for the fiscal year 1953?

Mr. SHEPPARD. Do you want it now, or do you want it provided for the record?

Mr. WIGGLESWORTH. No; for the record.

Mr. SHEPPARD. I have made a request for a portion of what you are requesting, Mr. Wigglesworth. Put them all together. I want mine documented to suit yours, but have it all in one table. I do not want two of them in the record on the same subject.

Admiral JELLEY. We will divide each budget activity into units, as Mr. Wigglesworth has requested, and then total it by budget activities which will meet the chairman's request.

Mr. WIGGLESWORTH. All right, that will cover it.

(The matter referred to is as follows:)

Maintenance and Operation of Shore Establishments

Analysis of man-year personnel estimate broken down by IVb and non-IVb type labor for fiscal year 1952 and fiscal year 1953

	IVb personnel man-years	Non-IVb personnel man-years	Total personnel man-years
3 (A) PUBLIC WORKS CENTERS			
PWC, Norfolk, Va.:			
1952	126.0	1,499.0	1,625
1953	128.0	1,497.0	1,625
PWC, Guam:			
1952	161.0	1,206.0	1,367
1953	170.0	1,150.0	1,320
Total, PWC's:			
1952	287.0	2,705.0	2,992
1953	298.0	2,647.0	2,945
3 (B) DISTRICT PUBLIC WORK SHOPS			
DPWO—12ND, San Francisco:			
1952	22.0	264.0	286
1953	24.5	237.5	262
DPWO—14ND, Pearl Harbor:			
1952	110.0	292.0	402
1953	113.0	289.0	402
Rehabilitation automotive equipment:			
1952	0	126.0	126
1953	0	0	0
Total, DPWO's:			
1952	132.0	682.0	814
1953	137.5	526.5	664
3 (C) NAVAL STATIONS			
PWD, Key West, Fla.:			
1952	38.0	460.0	498
1953	42.0	461.0	503
PWD, New Orleans, La.:			
1952	19.5	251.5	271
1953	21.0	264.0	285
PWD, Treasure Island, Calif.:			
1952	36.0	424.0	460
1953	36.0	429.0	465
PWD, Roosevelt Roads, P. R.:			
1952	14.0	204.0	218
1953	14.0	210.0	224
PWD, San Juan, P. R.:			
1952	22.0	393.0	415
1953	26.0	406.0	432
PWD, Long Beach, Calif.:			
1952	72.0	291.0	363
1953	78.0	314.0	392
PWD, Guantanamo Bay, Cuba:			
1952	18.0	1,562.0	1,580
1953	19.0	1,588.0	1,607
PWD, Adak, Alaska:			
1952	14.0	140.0	154
1953	14.0	143.0	157
PWD, Rodman, C. Z.:			
1952	8.0	571.0	579
1953	8.0	593.0	601
PWD, Green Cove Springs, Fla.:			
1952	21.0	294.0	315
1953	21.0	302.0	323
PWD, Orange, Tex.:			
1952	9.0	100.0	109
1953	9.0	100.0	109
PWD, Tongue Point, Oreg.:			
1952	19.5	241.5	261
1953	22.0	252.0	274
PWD, Tacoma, Wash.:			
1952	17.0	219.0	236
1953	18.0	228.0	246
Total, naval stations:			
1952	308.0	5,151.0	5,459
1953	328.0	5,290.0	5,618

Analysis of man-year personnel estimate broken down by IVb and non-IVb type labor for fiscal year 1952 and fiscal year 1953—Continued

	IVb personnel man-years	Non-IVb personnel man-years	Total personnel man-years
3 (D) CONSTRUCTION BATTALION CENTERS			
CBC, Port Hueneme, Calif.:			
1952	476.0	801.0	1,277
1953	528.0	925.0	1,453
CBC, Davisville, R. I.:			
1952	298.0	446.0	744
1953	353.0	447.0	800
CBC, Gulfport, Miss.:			
1952	164.0	196.0	360
1953	94.0	119.0	213
Total, CBC's:			
1952	938.0	1,443.0	2,381
1953	975.0	1,491.0	2,466
3 (E) CONSTRUCTION EQUIPMENT DEPOTS			
CED, Port Hueneme, Calif.:			
1952	794.0	1,278.0	2,072
1953	168.0	282.0	450
CED, Davisville, R. I.:			
1952	44.0	206.0	250
1953	51.0	258.0	309
CED, Gulfport, Miss.:			
1952	38.0	49.0	87
1953	45.0	59.0	104
Total, CED's:			
1952	876.0	1,533.0	2,409
1953	264.0	599.0	863
3 (F) RESEARCH EVALUATION			
1952	136.0	152.0	288
1953	148.0	148.0	297
3 (G) DEFENSE HOUSING			
1952	175.0	765.0	940
1953	188.0	750.0	938
3 (H) LOGISTIC SUPPORT			
1952	0	202.0	202
1953	0	208.0	208
Grand total:			
1952	2,852.0	12,633.0	15,485
1953	2,339.0	11,660.0	13,999

Mr. WIGGLESWORTH. I note also that you speak of procuring passenger vehicles for the entire Navy. Will we reach that in the course of the other items?

Mr. SHEPPARD. Yes, that is going to appear in the budget activities when we go into the justifications in further detail.

Mr. WIGGLESWORTH. Then I will not ask any further questions on that. I do not think I have anything further.

GENERAL STATEMENT ON THE APPROPRIATION

Mr. SHEPPARD. All right, Mr. Reporter, we will insert in the record at this point pages 19–2, 19–3, and 19–4, inclusive.

(The matter referred to is as follows:)

APPROPRIATION INTRODUCTION

By law, Navy Regulations and directives, the Bureau of Yards and Docks is assigned various duties and responsibilities relating to civil and allied engineering functions. Its technical responsibilities apply to the entire naval shore establishment. In general, the funds required for the support of the field offices of the Bureau of Yards and Docks which perform these engineering services for the Naval Establishment reflect a leveling off in this fiscal year 1953 budget submission, and anticipate that operating costs will be slightly less than in the build-up year of fiscal year 1952. The District Public Works Offices, the Base Development Section on Guam, and the BuDocks directors of overseas divisions will be staffed during the fiscal year 1952 according to the present ceiling limitation set forth by the Office of the Secretary of Defense which will allow the end year strength of the fiscal year 1952 to accomplish the anticipated workload for the fiscal year 1953. Funds are also provided in this program for specific technical engineering studies and investigations which will be directed and managed by the Bureau of Yards and Docks. These studies and investigations are all directly concerned with the manifold technical problems that are encountered in attempting to construct, maintain, and operate the Navy's shore establishment with a maximum of economy and efficiency.

The program included in this budget for the maintenance and operation of shore establishments also provides for a leveling off of recurring maintenance and operating costs, although a small increase is requested for additional nonrecurring repair and rehabilitation projects which should be accomplished during the fiscal year 1953 to provide shore facilities that are adequate to support the expected level of naval activity. The procurement estimates for non-passenger-carrying automotive, construction, and weight-handling equipment provide for a phased replacement program based on replacement standards and criteria established by the Secretary of Defense.

In the special procurement program there is included the procurement of passenger-carrying vehicles for the entire Navy at an amount of $2,107,620, including freight costs. This submission allows for 1,450 units to be procured of which over 92 percent is for replacement of over-age vehicles, thereby allowing for only a small number of units to be procured for expansion to provide for new and additional Navy facilities being activated in the fiscal year 1953. This estimate for passenger-carrying vehicles procurement allows for a phased replacement program based on formulas for life expectancy and replacement criteria. Also included in this program is the procurement of material and equipment for classified activities, warfare defense material and equipment, and the procurement of prototypes of newly developed equipment for test and evaluation purposes. These three items total over $75,000,000 for the fiscal year 1953 and provide for the procurement of the aforementioned items as called for by the Navy program objectives. They are procured by the Bureau of Yards and Docks as this Bureau's portion of Navy-wide programs for these purposes. There are also included funds for the procurement of specialized engineering equipment for which the Bureau of Yards and Docks has technical procurement responsibility for the entire Navy.

The construction battalion support program included in this submission provides for the recurring operating support required for the construction battalion units which will be in active service; equipment and material for training construction battalion personnel both active and reserve; and equipment and material required for outfitting construction battalions and detachments.

The research and development program included in this submission provides for accomplishment of those direct research projects which have been submitted to and approved by the Research and Development Board. These projects are principally concerned with the development of new and improved types of engineering equipment and material.

The program for departmental administration included in this budget submission provides for the operating support of the Bureau of Yards and Docks located at the seat of the Government in Washington, District of Columbia. The funds requested in this program for recurring operations allow for 769 man-years.

In general, the over-all budget submission made herewith for the appropriation "Civil engineering" shows that recurring maintenance and operating costs will level off in the fiscal year 1953, but that directed mobilization requirements and the accomplishment of essential major repair and rehabilitation projects have increased in the fiscal year 1953.

Mr. SHEPPARD. I see represented on your summary of obligations by budget activities for 1953 that you are requesting $222,800,000 for this year. In 1952 the estimate was $204,479,123, which reflects an increase of $18,320,877, and it is reflected as having seven activities that go to make it up in your summary of obligations reflected on page 19–6.

ENGINEERING SERVICES

We will pick up the first budget activity which is budget activity No. 1, "Engineering services." That is broken down into subactivities, to wit, "1A, District public works offices"; "1B, Base development section, Guam," and "1C, BuDocks directors, overseas divisions."

In this budget activity your request for 1953 is $20,225,000. In 1952 it was $21,276,939. That reflects a decrease of $1,051,939 in those three subprojects.

Now, addressing yourself to district public works offices, this is a requirement wherein your estimate for 1953 is for $18,616,000. That shows a slight decrease compared with your 1952 estimate of $19,521,939. I want you to give me briefly the reasons for the request as reflected in the budget that carries that breakdown.

Admiral JELLEY. The justification for the funds for 1A is on page 19–8. The detailed breakdown is on page 19–9. Additional information as to the volume of work and the types of work accomplished will be found on pages 19–10, 19–11, and 19–12.

Mr. SHEPPARD. Mr. Reporter, insert the table reflected on page 19–10 because it gives us the over-all viewpoint, and also insert the table appearing on page 19–11.

(The matter referred to is as follows:)

Schedule of workload data for design and construction

	Fiscal year 1952		Fiscal year 1953	
	Estimated number of projects	Estimated total dollar value	Estimated number of projects	Estimated total dollar value
Projects for preliminary design	1,210	$307,678,815	1,319	$309,000,000
Projects for final design by District Public Works Offices or R. O. in C. C. personnel	3,289	62,977,000	3,735	60,800,000
Projects for final design involving A. and E. contracts	717	130,143,000	845	174,160,000
Projects for construction inspection	4,932	174,957,200	5,256	203,275,000

Schedule of workload data

	Estimate for fiscal year 1953	Estimate for fiscal year 1953
Dollar value of class I and II plant account of naval activities for whose annual inspection district public works offices is responsible	$2,983,944,813	$3,166,509,533
Number of inspection reports completed	663	690
Number of activities served	1,097	1,130
Number of inspections made (for fire security and adequacy of water supply)	882	1,090
Number of invoices processed	61,514	66,786
Dollar value of invoices processed	$31,593,417	$36,391,130
Number of bacteriological and chemical analyses	29,571	34,107
Number of activities inspected during year	1,565	1,921
Number of new out leases negotiated	278	291
Number of out leases renewed	355	396
Dollar value of leases (plant value)	$65,047,130	$73,615,530
Number of acquisitions and disposals of property	1,194	1,148

Mr. SHEPPARD. Now, with reference to the subject matter that is presented as a justification for your request for funds for item 1A, what particular aspect is there, as presented in this budget requirement, other than the diffusion of application of funds, that has not already appeared before the committee?

Admiral JELLEY. I think, as a general thing, I could say that we have been able during this past year to make a better analysis of the workloads in the various district offices. We have increased a few of them, and we have decreased most of them. We are getting on a better production basis between districts, so that we can compare one district to another. We have tightened up along the line by reducing the personnel slightly and the requests for nonrecurring repairs and alterations have been reduced severely.

PROJECTS FOR PRELIMINARY DESIGN

Mr. SHEPPARD. Now, with reference to page 19–10 of your justifications I find projects for preliminary design. Your estimated total dollar value is reflected there as being $309,000,000.

You also have that broken down into projects.

What I am endeavoring to do here, in order to make these hearings understandable, but as brief as possible, is not to go into a series of repetitious inquiries because we have already had information from other departments relative to their requirements. Just briefly, what is reflected or indicated in your own justifications other than the fact that you have refined them down to dollar costs, and so forth?

Admiral JELLEY. In the actual demands on that budget, and also the dollars appropriated to other bureaus?

Mr. SHEPPARD. Yes.

Admiral JELLEY. During this past year we started our work-measurement program.

At the beginning of the fiscal year, this year, we are beginning to develop the number of man-hours required in preliminary design, final design, construction, and inspection by size of projects, so that we have been able to translate the dollar value into man-hours, and again into the number of men we allow for the offices. Through this method of analysis we have been able to develop and determine the staff requirements in the districts.

Mr. SHEPPARD. With respect to the method by which you have arrived at the figure that I originally referred to under district public-works offices, $18,000,000 plus, I am assuming that you have statistical data within the Bureau which has been surveyed and accumulated which adds up to the sum you have reflected here as required for that type of operation and all of its ramifications; is that correct?

Admiral JELLEY. That is exactly right, sir.

Mr. SHEPPARD. Is there anything specifically new in that function under title 1A, that this committee has not reviewed in general procedures in the past?

ENGINEER DEVELOPMENT PROGRAM

Admiral JELLEY. On the bottom of page 19–9 we have one new function entitled, "Engineer Development Program." The estimate for 1953 is $60,000. Other than that the functions are the same. Our

method of analysis and the detailed data we have in the Bureau, I believe, has been refined and improved, but as you said it is exactly the same function as we had last year and the year before, but this engineer-development program is new.

Mr. SHEPPARD. Now, tell me what you are going to do in that engineer-development program.

Captain DRUSTRUP. The object of this program is to allow our district public-works offices to employ engineering students during the summer months between their sophomore and junior years, and between their junior and senior years. It is set up as a training program.

It is also justified as recruiting strategy, as we hope to have them with us later on after they graduate. The needs for engineers in the United States are increasing, and it is becoming increasingly difficult to get good engineers in our program.

Mr. SHEPPARD. Your policy of procedure may be laudable not only because you are operating in a field here that may give you some potential personnel later on, but which will give them some training to fit them for that employment to better advantage.

How many individuals do you contemplate will be utilized under the $60,000 which you are requesting for this new project in your 1953 estimate?

Captain DRUSTRUP. Each public-works office will have six trainees. There are 12 district public-works offices concerned. They will average $766 per man in salary, with a total salary cost of $55,152.

Mr. SHEPPARD. What is the least amount of time you will accept a student in this program? In other words, how much time must he actually apply to the program in order to be acceptable in the first place?

Captain DRUSTRUP. Three months.

I would like to add, Mr. Chairman, that the difference between the $55,152 for salaries and the $60,000 that we are requesting is approximately 10 percent for administrative costs.

ENGINEERING AND PLANNING STUDIES

Mr. SHEPPARD. I notice reflected on page 19–9 in next to the last figure your estimate for 1953 is $2,000,000. In 1952 you had $1,623,665. Why is it necessary to have that increase in that particular figure?

Admiral JELLEY. This is a relatively new program which started in 1951, and I think it has been one of the most valuable contributions the committee has made to the Bureau of Yards and Docks. It has permitted us to do planning in advance, and set up and study out our projects, you might say, at our leisure, without having pressure on us, so that public works projects and maintenance budget presentations have been sounder and better thought out from an engineering point of view.

Mr. SHEPPARD. Is not that the original premise upon which the basis of your entire concept has its value?

Admiral JELLEY. Yes, sir.

Mr. SHEPPARD. In other words, if you do not do the job of engineering and planning, it would seem to me that you would be working rather in a reverse situation, because somebody has to do it. If you shove it out into the contracting field you have still got purely an idea

concept that has to be refined down by somebody else to be put into operation, and if you can hand it down in a refined status to the extent of at least 25 percent you ought to be able to expedite the work and get a better job through this procedure than otherwise.

Admiral JELLEY. Yes, sir. We have individual projects totaling $2,000,000. The first project is $200,000, which is the master plan for the shore stations that you mentioned earlier.

Mr. SHEPPARD. Yes.

Admiral JELLEY. This will finance those engineers studying long range problems so that when a public works project is presented it will fit into the master plan.

Mr. SHEPPARD. Are these men actually going to operate on a post in order to have the concept that they ought to have, or are they going to take their original information from the public works officer on the basis of an existing master plan and revise it, and if they are going to do the latter how can they revise it in Washington as against going on the actual ground and examining the situation?

Admiral JELLEY. The basic primary work will have to be done at the shore station, as you indicated. These funds are for specialized engineers in the district offices who will go to the shore station and consult with the local engineer officer, the local planning officer, the commanding officer, and so forth. He will also be prepared to give drafting design aid to the local engineering officer.

Mr. SHEPPARD. What academic stature do the men have occupying this particular function; what kind of men are they, technicians, or what kind of professional men?

Admiral JELLEY. The civil engineering officers in the Navy must have a technical degree in education. That is one of our basic requirements for admission to the Civil Engineering Corps. We relaxed that slightly during World War II for Reserve officers, in that we took the equivalent, men with actual experience, as defined by the American Society of Civil Engineers. I believe it was held that 10 years of responsible work in the field was equal to a degree.

However, our present engineer officers are all graduates of engineering schools with engineering degrees. There are about 10 percent officers, and 90 percent of our engineers are civilian employees in the various engineering groups, and in order to meet the civil service requirements they have to have either the educational background or the experience background necessary, so that all of this $200,000 will be spent for qualified technical people.

BASE DEVELOPMENT SECTION, GUAM

Mr. SHEPPARD. With reference to 1B, base development section, Guam, you are asking for $1,200,000 in 1953, and in your 1952 estimate you had $1,255,000. There appears to be a $55,000 differential in this item. What are you going to do with that amount of money?

Admiral JELLEY. The base development section on Guam is, in effect, the district public works office for the Marianas area. The district organization is not set up there. It is not military, but an organization entitled "Commander, Marianas," and the section base staff that takes care of the civil engineering problems has been designated as the base development section.

This compared to our continental districts is quite expensive. The activity of that section would be comparable to the Eighth Naval District, for example, which runs about $775,000 a year.

The reasons for the difference between the cost on Guam and our normal continental public works offices are two: First, the premiums that are paid for overseas employment and, second, the fact that the base development section on Guam has to handle the land claims work incident to cleaning up the wartime real estate problems on Guam. That has been going on for a number of years.

We hope at the end of the 1954 fiscal year to have that cleaned up. We will then be able to eliminate the Land Claims Division and have a normal real estate section consisting of two or three men, but for the time being we have to carry that land claims cost under the base development section.

Mr. SHEPPARD. There are no new items, and no innovations have been interjected, insofar as your appearance before this committee is concerned, since your last presentation?

Admiral JELLEY. No, sir.

Mr. SHEPPARD. You have the same statistical data before you as you have had on which the previous estimate was based?

Admiral JELLEY. Yes.

Mr. SHEPPARD. In order to arrive at the $1,200,000 presented here.

Admiral JELLEY. Yes.

BU DOCKS DIRECTORS, OVERSEAS DIVISIONS

Mr. SHEPPARD. We will pick up 1–C, "Bureau of Docks, overseas divisions," in which you are asking $409,000 for 1953, and you have $500,000 for 1952. Will you address yourself to that item, Admiral?

Admiral JELLEY. The functions, as far as "Civil engineering" is concerned, is the same as for last year.

Mr. SHEPPARD. There is a breakdown on page 19–14.

Admiral JELLEY. Yes. However, the requirements for 1952 were not as large as we had expected. When we prepared the 1952 budget it looked as if we were going to have larger expenses in the overseas projects than we actually did, so that the figure of $409,000 I think is a more realistic figure as to the actual needs for the fiscal year 1953.

Mr. SHEPPARD. Have you had specialists review these operations to determine the decrease in your own Bureau, or has the decrease been the result of review by another division?

Admiral JELLEY. This particular cut was made within the Bureau itself.

Mr. SHEPPARD. As we come along to reductions that may have been indicated, will you advise the committee whether that has been done through the operation of the Bureau itself, or from some other sources?

Admiral JELLEY. Yes.

Mr. SHEPPARD. Is there anything new in this operation that the committee has not heretofore had under scrutiny with the possible deviation for minor changes, plus the reduction that is indicated in the budget request?

Admiral JELLEY. No, sir.

Mr. SHEPPARD. We can consider this a continuing operation.

Admiral JELLEY. Yes.

Mr. SHEPPARD. Are there any questions pertaining to this budget activity No. 1, Mr. Wigglesworth?

ENGINEERING PLANS AND STUDIES

Mr. WIGGLESWORTH. I do not understand 1–A, the activity you were describing to Mr. Sheppard, entitled "Engineering Plans and Studies." Specifically what studies are going on, to be carried on with the $2 million that is requested, which compares with $369,000 two years ago?

Admiral JELLEY. The first list of project, that of master planning, has $200,000.

The second—for example, engineering studies for the 450,000-ton crane in San Francisco shipyard—is $30,000. That is a large, complicated, what we call indeterminate structure, and by measuring the actual stress of that crane under load it will enable us to design future cranes of a similar structure much more efficiently and economically.

Mr. WIGGLESWORTH. That might well come under research and development; might it not?

Admiral JELLEY. No, sir. There is a fine line in deciding whether to call it engineering studies or research projects.

Mr. WIGGLESWORTH. What else have you?

Admiral JELLEY. We have engineering and plant-betterment studies, $125,000, which will be for studies of existing electric generating facilities and utility requirements. From these we can determine their adequacy in operation, and whether the operation can be accomplished and at less cost to the Government, taking into account cost factors if we purchase the power, or what it would cost if we generated it.

For example, annual cost of fuel in Navy power plants is $50 million, and if through improved efficiency to the extent of one-half of 1 percent as a result of these plant studies, that will more than repay the $125,000.

Then we have "Water supply investigation," $82,500. Quantico, Parris Island, and Camp Pendleton are wholly dependent on wells. We are asking the Geological Survey to cooperate with us to determine the estimated capacity of the wells. We are beginning to face a problem of draw-downs, and we want to determine whether these wells are adequate for the present and long-range needs with the increased load.

We have a project for the studies of application of internal protective lining for our pipe system at a cost of $50,000. We have a great deal of trouble in shore-side naval stations with corrosion and pipes that carry salt water. Rather than use expensive alloy pipes, we are investigating to determine whether we can line those pipes with some material, rubber or plastic material, that will withstand the salt water.

We are having surveys made at naval activities where we were unable to do that during the war when the facilities were hurriedly constructed.

We are studying the application of dehumidification for storage purposes, to cost $50,000. We have that in connection with the mothballing, where we did humidification for storage purposes involving engine spare parts, spares for Diesel engines.

Mr. WIGGLESWORTH. That is somewhat similar to work under research and development; is it not?

Admiral JELLEY. No; this is mostly a question of the operation of the existing unit. As far as I know, dehumidification has not been accomplished for storage purposes. We are now checking to see whether we have the cheapest method of operation. As an example, last year I was in Spokane, Wash., where they had dehumidified storage, and they discovered that at certain times of the year the outside humidity would be below 40 percent; and during that time they shut off the machinery, opened the door, and by experiment they had cut the cost of current consumed by one-third.

We are trying to find things like that to see if we can operate our storage better. We are not perfecting the machinery; that is a research problem.

Mr. SHEPPARD. May I interpose a question?

Mr. WIGGLESWORTH. Certainly.

Mr. SHEPPARD. But as far as the mechanical devices pertaining as of today, in your dehumidifying operations, they are pretty well established, and what you are going to do is to localize the situation and see what can be done to cut the cost of operation, and that must be controlled from the local atmosphere conditions.

Admiral JELLEY. Yes.

Mr. WIGGLESWORTH. Rather than take the time to enumerate all of the rest of the items on the list, will you please complete the list for the record, with the amount allocated to each, making up the $2 million?

Admiral JELLEY. Yes.

(The following was submitted:)

Engineering investigations to be made at district level

	Estimated cost
1. Master planning for shore station development program	$200,000
2. Enginering studies to measure stress in 450-ton crane at San Francisco Naval Shipyard	30,000
3. Engineering and plant betterment studies	125,000
4. Water supply investigation at naval activities within various districts; specifically Potomac River Naval Command, Sixth Naval District, and Eleventh Naval District	82,500
5. Engineering studies for in-place application of internal protective linings to fuel system piping	50,000
6. Topographic and utility surveys at naval activities within various districts; specifically Potomac River Naval Command, Third Naval District, and Sixth Naval District	82,500
7. Engineering studies for further application of dehumidification at naval activities	50,000
8. Enginering studies for development of precast concrete for waterfront construction	95,000
9. Engineering studies for new type of lighter-than-air hangar	100,000
10. Engineering studies for steel and concerete prefabricated buildings	50,000
11. Engineering studies for precast and prestressed thin-shell cellular concrete buildings	50,000
12. Procurement of design drawings and specifications for 50-ton and 150-ton floating cranes and 50-ton portal cranes having 20- and 30-foot gages	100,000
13. Preparation of drawings for advance base functional components	20,000
14. Preparation of military procurement specifications	175,000
15. Corrosion, enginering studies of underground structures, elevated tanks, and water-front facilities of naval shore establishment	90,000
16. Engineering study for existing electrical distribution system at 5 naval activities	20,000
17. Special engineering studies and investigations in connection with proceedings involving utility companies before regulatory bodies	20,000
18. Design of 15,000-ton floating drydocks	190,000
19. Design of alterations to floating drydocks AFDB–4, 5, 6, and 7	175,000
20. Preparation of operating manuals and damage control books for floating drydocks	90,000
21. Preparation of allowance lists for floating drydocks	25,000
22. Engineering surveys for floating drydocks	25,000
23. Preparation of manual for inspection and maintenance for drydocking facilities	50,000
24. Preparation of data book for drydocking facilities	75,000
25. Engineering services for radio interference suppression	30,000
Total	2,000,000

BUREAU OF DOCKS—DIRECTORS

Mr. WIGGLESWORTH. What is the function of the Bureau directors, district and overseas divisions, provided for in 1–C?

Admiral JELLEY. In general these directors provide the technical engineering service, contract administration; relative to maintenance, repair, and operation for the general overseas activities, would be provided within the Navy Department. For example, the director in New York is responsible for furnishing the services to the naval station at Argentia, Newfoundland, the naval station at Bermuda, stations that are not within the Navy Department. He also would be responsible for bases in north Africa, England, and France. He provides the same type of services to the scattered isolated stations that district public works officers would furnish within the naval districts.

Mr. WIGGLESWORTH. That cannot be provided out of Washington?

Admiral JELLEY. No, sir. Under present conditions, it cannot. In the first place the distances are much too great. Of course, the distance between New York and Norfolk for the Atlantic is inconsequential under today's method of transportation. Nevertheless with the ceilings that have been placed on us in Washington, we have been forced to delegate the responsibility to the field; and in fact, during the past year, we have given the director in the Atlantic division additional responsibilities in connection with the Seabees construction contracts in the Atlantic, which previously would have been handled in the Department. It helps our preparation through better decentralization in case of an enemy attack.

Mr. WIGGLESWORTH. Why do you have to set up a director for the Pacific and Alaska, and also set up a deputy director for the Pacific division, with a set-up for the deputy director apparently substantially larger than that of the director?

Admiral JELLEY. That is required by the organizational set-up. The director is located in San Francisco. He has additional duties, besides the duties I spoke of a moment ago. He has additional duty on the staff of the commander, Western Sea Frontier. The deputy is set up in Pearl Harbor. He provides engineering services to CincPac, ComServPac, ComAirPac and FmfPac—all of the various fleet commands in the Pacific.

We have debated whether we should do the same thing in the Atlantic, because with the command in the Atlantic, the comander in chief of the Atlantic being in Norfolk, Va.; we have debated whether to set up a deputy in Norfolk.

We are also getting larger requirements for detail engineering studies from Admiral Carney, at Naples. So far however, it has not been necessary to do that in the Atlantic. The distance between New York and Norfolk is not very much; but the distance between San Francisco and Pearl Harbor is something over 2,000 miles.

INDUSTRIAL MOBILIZATION

Mr. SHEPPARD. Gentleman, we will pick up budget activity No. 2, "Industrial mobilization." Your estimate for this activity for 1953 is $412,000; it was $455,000 for 1952, which reflects a decrease of $43,000. Are there any new requirements or operations that are pursued in this industrial mobilization? We have had this item for quite some time.

Admiral JELLEY. Yes.

Mr. SHEPPARD. In other words, it seems to be a continuing operation. Will you explain the necessity for the requested appropriation?

Admiral JELLEY. As you know, the Navy has a number of industrial plants that were constructed during World War II for the manufacture of various naval items. Those plants were either laid up or leased out to various manufacturers.

The $412,000 we request will permit the continued inspection of these facilities, and the administration of the lease, when they are leased out to manufacturers or parties, to supervise the operation and maintenance funds, which are furnished by the occupant. In most of the leases we require the occupants to keep the structure up, and we have to inspect and supervise to see whether that is actually done.

Mr. SHEPPARD. That includes some 217 plants, does it not?

Admiral JELLEY. Yes.

Mr. SHEPPARD. What is the approximate amount of visits or inspections made of these plants?

Admiral JELLEY. There again it is handled out of the district offices, and will be handled by their making an inspection in the geographical area.

In a plant in which there is some activity, it would be as much as once a month. If the plant was practically inactive, it would be once a quarter.

Mr. SHEPPARD. What happens when you get a report wherein the plant is not being kept up to the requirements under the lease?

Admiral JELLEY. There are a number of steps that can be taken before terminating the lease, which is the final step. We try to persuade, and can hold up payments from the Government to the contractor, or there may be cases where the lessee is manufacturing items—in other words, it is through a method of persuasion.

Mr. SHEPPARD. Is there anything new in the presentation that we have in budget No. 2 activity, as compared with the presentation of the amount requested as against the previous year's budget?

Admiral JELLEY. No. We have cut off some backlog in the preparation of record maps, which basically results in a slight decrease from the $455,000 to $412,000. We are on a more current inspection basis now.

Mr. SHEPPARD. You have the mathematical background in your files to justify the total sum stated in the budget?

Admiral JELLEY. Yes, and in detail.

LEASE INSPECTION

Mr. WIGGLESWORTH. This is all for inspection work?

Admiral JELLEY. Inspection and administrative work of the leases of which inspection is one function; also the revision of the annual maps.

Mr. WIGGLESWORTH. I thought you said you had caught up on that.

Admiral JELLEY. If there is any change, there is a slight expense in keeping them up to date.

Mr. WIGGLESWORTH. How does this figure out? You have got the table here by stations. How do you arrive at each item of expenditure for each station; is that based on the number of inspectors?

Admiral JELLEY. Yes. For example, the First Naval District, we estimate there will be one man-year, there would be one full-time man-year.

In the Third Naval District, three.

Mr. WIGGLESWORTH. For the first, $27,000?

Admiral JELLEY. I was going to give you an example as to the number of men in the various districts, first. In the first district, there will be one; in the third district, three; in the fourth, 13; in the sixth, four, and so on.

We then take the estimated salaries, in the first district amounting to $5,740. That gives us $21,345 for other objects. Now, the other objects——

Mr. WIGGLESWORTH. That looks as if you have got a pretty heavy estimate for other objects.

Mr. COCHRANE. For other objects; that is composed of travel, materials, and miscellaneous things——

Mr. WIGGLESWORTH. You have got 1 man-year's work at $5,740. If he is going to make an inspection once a month or once every 3 months, according to the naval district, certainly he is not going to need $32,000 for travel.

Admiral JELLEY. That would represent 400 percent overhead—that is out.

Mr. SHEPPARD. I would suggest that you place the justification in front of Mr. Wigglesworth so he can see it.

Mr. COCHRANE. Here is the other objects breakdown, Mr. Wigglesworth.

Mr. WIGGLESWORTH. One man-year in the First Naval District. What is the need of other contractual services for an inspection made once a month or once in 3 months? It looks as if you have put in everything to pretty much cover the water front.

Equipment, supplies, and materials, other contractual services, printing and reproduction, rental of utilities.

Suppose you put in the record the over-all figures here in this breakdown for 1951, 1952, and 1953.

Mr. COCHRANE. Yes.

Mr. WIGGLESWORTH. Also give me the number of man-years for each of the stations in each year.

Mr. COCHRANE. Yes.

(The information requested follows:)

Detail costs by location—Man-years and object class

Activity	Man-years	01	02	04	05	06	07	08	09	15	Total
First Naval District—Boston:											
1951	4.6	$26,838	$1,588			$162		$19,132			$47,720
1952	1.0	5,672	500			200	$21,328	5,100			32,800
1953	1.0	5,740	500			130	17,615	3,100			27,085
Third Naval District—New York:											
1951	8.4	36,455	859					75		$50	37,439
1952	2.0	10,030	860				60,126	3,954		30	75,000
1953	3.0	15,240	800				46,447	3,795		30	66,312
Fourth Naval District—Philadelphia:											
1951	12.7	64,065	4,689	$360	$1,720		2,126	22,706	$100	75	95,841
1952	13.0	73,060	6,000	370	1,800			10,628	275	167	92,300
1953	13.0	73,938	4,900	285	1,800			4,731		156	85,810
Fifth Naval District—Norfolk:											
1951	0.5	2,500						199			2,699
1952								6,000			6,000
1953								6,000			6,000
Sixth Naval District—Charleston:											
1951	1.3	8,100						193			8,293
1952	4.0	21,640	2,000					2,260			25,900
1953	4.0	21,900	1,000					3,655			26,555
Eighth Naval District—New Orleans:											
1951	5.6	24,038	1,965					600			26,603
1952	5.0	24,300	3,000					8,200			35,500
1953	5.0	24,625	2,300					9,841			36,766
Ninth Naval District—Great Lakes:											
1951	6.7	31,572	2,169					500			34,241
1952	5.0	27,975	3,000				8,000	5,925			44,900
1953	7.0	39,640	2,000					5,824			47,464
Tenth Naval District—San Juan:											
1951								200			200
1952			200					800			1,000
1953			200					800			1,000
Eleventh Naval District—San Diego:											
1951	5.3	$26,750	$1,050		$585			$415			$28,800
1952	7.0	37,800	5,000		2,830		$25,200	4,970			75,800
1953	7.0	38,265	2,965		8,044		22,000	4,998			76,272
Twelfth Naval District—San Francisco:											
1951	3.4	16,813	1,000					937			18,750
1952	4.0	22,440	2,500					1,860			26,800
1953	4.0	22,700	2,500					4,536			29,736
Thirteenth Naval District—Seattle:											
1951	1.5	5,800	850					300			6,950
1952			850					8,150			9,000
1953			850					8,150			9,000

Category IV, production allocation program:											
1951							12,000	10,000			22,000
1952							30,000				30,000
1953											
Total:											
1951	50.0	242,931	14,170	360	2,305	162	14,126	55,257	100	125	329,536
1952	41.0	222,917	23,910	370	4,630	200	144,654	57,847	275	197	455,000
1953	44.0	242,048	18,615	285	9,844	130	86,062	55,430		186	412,000

The types of functions performed in this program and the costs are detailed below:

(*a*) Annual maintenance inspection of 217 facilities, at $725 each	$157,325
(*b*) Administration of 34 NOy(R) leases, at $2,700 each	91,800
(*c*) Administration of 27 revocable permits at $1,000 each	27,000
(*d*) Revision and preparation of 217 annual maps at $100 each	21,700
(*e*) Engineering services in connection with 26 NOy(R) contracts that do not contain a fixed dollar amount as the occupants' maintenance obligation (maintenance in accordance with sound industrial practice, etc.), at $1,000	26,000
(*f*) Engineering services in connection with NOy(R) contracts that contain a fixed dollar amount as the occupants' maintenance obligations which sum is $2,557,578 ($2,557,578×3½ percent (engineering service))	88,175
Total	412,000

The civilian employees concerned with annual inspection and administration of leases, permits, and the revision and preparation of annual maps are classified (IVb) engineers and inspectors. The Bureau maintains in its field district public works offices a nucleus of trained supervisory technicians. It has been the policy of the Bureau to contract for many of the inspection and engineering services with local engineering contractors maintaining supervision through the trained technical personnel located in each district.

Maintenance and Operation of Shore Installations

Mr. Sheppard. We will pick up the next budget activity, No. 3, "Maintenance and operation of shore establishments." This activity is made up of eight subprojects, reflecting a total in the 1953 estimate of $88,580,000 as against $106,984,164 for 1952, reflecting a decrease of $18,404,164.

The maintenance and operation of the shore establishment is a continuing operation in your budget?

Admiral Jelley. Yes.

Mr. Sheppard. Out of your total requirements, as reflected in activity No. 3, is there any new construction involved?

Admiral Jelley. There is no construction involved in this program.

Mr. Sheppard. In other words, the title of this activity, maintenance and operation of shore activities, is literally accurate, and there is no construction in it.

Admiral Jelley. Yes.

Mr. Sheppard. It has to do with the maintenance of various centers, and also with the operating cost?

Admiral Jelley. Yes.

Mr. Sheppard. Has there been any innovation connected with these subactivities, which has not heretofore been presented to this committee for scrutiny, other than the difference of the money to be applied?

Admiral Jelley. There is no organizational innovation; no. We have had reshuffles of items 3–D and 3–E, wherein the storage functions at the advance base depot has been assigned to the Bureau of Supplies and Accounts; the equipment rehabilitation function has been assigned to us.

So that a part of the previous cost to advance base depots has been included in the Bureau of Supplies and Accounts. That is in part storage costs, the construction battalion centers, which are the over-all

service acitvity, provide general administrative services, communications, police, and security. That type of function has had some of its functions relating to storage transferred to the Bureau of Supplies and Accounts.

The activity in 1952 is approximately the same for 1953. The reason for the reduction is on account of transfer of several activities to maintenance, Bureau of Supplies and Accounts.

PUBLIC WORKS DEPARTMENTS OF NAVAL STATIONS

Mr. SHEPPARD. With reference to 3–C, "Public works departments of naval stations," there is reflected an increase. Your estimate for 1953 reflects a request of $28,164,986; for 1952 it was $27,661,698. In view of the considerable reductions reflected in the other projects under this basic activity, why do we find an increase in this project?

Admiral JELLEY. In general, throughout this table, the cost of maintenance and operation is divided into three general classes. One for recurring maintenance and operation, what we have with us every year.

The second for special projects, nonrecurring, major repairs, development, maintenance, and so forth.

The third is purchase of trucks, and construction equipment for that station.

Now, subactivity 3–C, that is, recurring maintenance and operation costs, are reduced from $21,242,000 to $20,862,000, so they are practically at the same level as last year.

The purchase of trucks and construction equipment has been reduced from $5,698,000 to $1,020,000. We are getting the transportation equipment to the stations in better shape and do not need so much new equipment. However, the special projects, development and maintenance, a nonrecurring function, has increased from $720,000 to $6,281,000. We have the detail listings of these projects totaling $6,281,000.

Mr. SHEPPARD. Will you place that in the record at this point?

Admiral JELLEY. Yes.

(The information requested follows:)

Summary of (deferred) special maintenance projects, fiscal year 1953

Public works centers:	
NB, Norfolk, Va	$2,349,000
NOB, Guam, Marianas	328,000
District public works shop:	
12ND, San Francisco, Calif	87,793
14ND, Pearl Harbor, T. H	806,300
PW department of naval station:	
Key West, Fla	409,500
New Orleans, La	250,885
Treasure Island, Calif	422,900
Roosevelt Roods, P. R	466,000
San Juan, P. R	170,000
Long Beach, Calif	161,000
Guantanamo Bay, Cuba	1,485,300
Adak, Alaska	451,000
Rodman, C. Z	421,550
Green Cove Spring, Fla	298,000
Orange, Tex	144,665
Tongue Point, Oreg	900,793
Tacoma, Wash	700,000

Summary of (deferred) special maintenance projects, fiscal year 1953—Con.

Construction battalion center:	
Port Hueneme, Calif	$803,000
Gulfport, Miss	445,833
Construction equipment depot:	
Davisville, R. I	210,000
Gulfport, Miss	18,000
Defense housing at various locations	3,900,000
Miscellaneous activities and services at various locations	117,415
Grand total	15,346,734

PUBLIC WORKS CENTER, NAVAL BASE, NORFOLK, VA.

Project No.	Title of project	Amount requested
PWC 1-53	Rehabilitation of boilers and auxiliary equipment central power plant	$200,000
PWC 2-53	Rehabilitation of water distribution system, naval base	500,000
PWC 3-53	Reroofing of public quarters, naval base	50,000
PWC 4-53	Rehabilitation utilities distribution system including water, steam, and electricity in south annex area	275,000
PWC 5 53	Repairs to roads, streets, and paved parking areas at naval base	130,000
PWC 10-52	Major repairs to railroad trackage (third increment)	50,000
PWC 6-53	Construction of curbs, gutters, and parking areas, naval base	100,000
PWC 8-53	Painting and exterior repairs to miscellaneous buildings, public works center	50,000
PWC 13-52	Purchase and install additional fittings and equipment in distribution system (third increment)	70,000
PWC 9-53	Repairs and additions to utilities services, CEC pier area	150,000
PWC 10 53	Maintain dredging in naval base area and dredging in explosive anchorage	581,000
PWC 11-53	Provide D. C. power to finger piers, naval base	106,000
PWC 12-53	Rehabilitation of deck, pier X, Newport News, Va	50,000
PWC 13-53	Repairs to sea walls of lagoon, naval base	2,000
PWC 14-53	Replacement of fire-protection system, pier X, Newport News, Va	35,000
Total		2,349,000

PUBLIC WORKS CENTER, NOB, GUAM, MARIANAS

	Central tool room	$44,000
	Paint storage building	31,000
	Security and dispatcher's office motor pool	37,000
	Repair Marine Drive Bridge, port of Guam	11,000
	Pave motor pool area	45,000
	Move motor repair unit filling station	6,000
	Construct sewage lift station	10,000
	Heavy equipment lean-to motor repair unit	14,000
	Automotive spare parts storage building	41,000
	Body ship spare parts storage building	41,000
	Generator repair testing and storage building	31,000
	Replace guard rails old Commar Road	17,000
Total		328,000

DISTRICT PUBLIC WORKS SHOP, 12 ND

	Repairs to roofs and sidings of buildings and foundation replacements of shop buildings	87,700

DISTRICT PUBLIC WORKS SHOP, 14 ND

	Replacement of fresh-water lines, Monalua interim housing area	$115,000
	Replacement of fresh-water lines, Magrew Point interim housing area	50,000
	Ground improvements for intermediate schools including development of playing fields, fencing, and landscaping	2,000
	Repairs to streets, Pearl City housing area (second increment)	8,000
	Completion rehabilitation area No. 128	200,000
	General repairs to apartments in interim housing areas (fourth increment)	7,000
	Replacement of fire extinguishers, various housing areas	2,000
	Enclosure of rear porches, NHA I, Pearl Harbor	9,000
	Provision of sidewalks for housing units, NHA I	4,000
	Exterior painting of married officers' quarters, Makalapa	38,800

DISTRICT PUBLIC WORKS SHOP, 14 ND—Continued

Project No.	Title of project	Amount requested
.....	Rehabilitation of Moanalua interim housing (second increment)	$147,000
1-2	Procurement and installation of shop equipment, headquarters, shops division, Pearl Harbor.	65,000
41-2	Overhaul of construction equipment, headquarters, shops division, Pearl Harbor.	40,000
14-1	Replacement of perimeter fence, headquarters, shops division area, Manuloa, T. H.	15,000
23-2	Expansion of tool room facilities, headquarters, shops division, DPW, Pearl Harbor.	20,000
33-0	Reroofing and repainting of various buildings in headquarters, shops division area.	7,500
19-2	Installation of sand-blasting booth, headquarters, shops division, DPW	6,000
40-2	Replacement of fresh-water lines, headquarters, shops division area, Manuloa Ridge, Pearl Harbor.	50,000
22-2	Completion of heavy equipment repair shed, headquarters, shops division, Pearl Harbor.	20,000
Total		805,300

NAVAL STATION, KEY WEST, FLA.

P1-53	Installation of storm sewers	$45,000
P4-53	Installation of 13,800-volt primary line from naval station to 18th St. substation.	49,500
P6-53	Installation of primary line to Poinciana housing	7,500
P7-53	Installation of primary line to new commissary	5,000
P8-53	Renewal and extension of salt-water mains	49,000
P9-53	Renewal and extension of fresh-water mains	42,000
R1-53	Replacement of 2 wooden elevated tanks with 1 elevated steel tank	49,500
R2-53	Replacement of salt water stand pipe	42,000
R3-53	Replacement of battery water storage tank	15,000
R5-53	Paving of roads, streets and sidewalk construction	45,000
R7-53	Exterior painting of buildings	35,000
R4-53	Rehabilitation of former store housing now used for decontamination purposes.	5,000
R9-53	Subsurface survey of all utilities, Fort Taylor area	20,000
Total		409,500

NAVAL STATION, NEW ORLEANS, LA.

2-52	Construction of trash and garbage incinerator	$38,500
39-51	Rehabilitation of medical storehouse, building No. 43	8,500
16-51	Installation of automatic temperature regulation valves in administration buildings.	18,000
9-52	Construction of fireproof excelsior storage building	11,500
38-51	Repairs to naval station railroad trackage	70,300
6-51	Installation of new heater system in central heating plant, building 9	22,555
4-52	Alterations and repairs to receiving and delivery warehouse, building 152	6,000
5-52	Alterations to steam distribution system	29,500
26-51	Repairs to storehouse building 62	7,200
37-51	Insulation of breeching exterior of central heating plant, building 9	8,600
13-52	Installation of asphalt tile in infirmary, building 157	4,080
14-52	Alterations to truck storage shed, building 252	26,150
Total		250,885

NAVAL STATION-RECEIVING STATION, TREASURE ISLAND, CALIF.

1	Maintenance and repairs of Treasure Island waterfront structures	$20,000
2	Rehabilitation of timber decks of piers	85,000
3	Rehabilitation of roadways, parking lots, and assembly areas	15,000
4	Rehabilitation of 11 buildings	47,500
5	Extension of electrical utilities underground from 4th St. and Ave. D to 9th St. and Ave. D.	18,000
7	Accomplish current repairs of heating plant, No. 3–TI	12,000
8	Renew plumbing trim and fixtures in buildings 231, 323, and 275, TI (Wave barracks).	12,000
9	Replace underground existing overhead steam and return lines	15,000
11	Stucco exterior to storage and warehouses to eliminate fire hazards	9,000
12	Paint exterior walls and ceilings of building 7 used for training of naval personnel by the Director of Training.	15,000
14	Rehabilitation of paved areas around public works shop building to eliminate high spots and cover with hot asphaltic concrete.	12,000

NAVAL STATION-RECEIVING STATION, TREASURE ISLAND, CALIF.—Continued

Project No.	Title of project	Amount requested
15	Rehabilitation of interior of headquarters communication and publication building for general health requirements.	$22,500
16	Painting exterior of PW shops, building 3–TI	7,000
17	Rehabilitate roofing of building 3, PW shops, TI	12,500
18	TI dredging around piers for safe mooring of vessles	100,000
19	Install clean-out plugs to 12 buildings on TI	2,400
20	Reinforce and extend south wall of heating plant housed in building No. 102	15,000
21	Paint timber trestles supporting radar antennae of electronics school	3,000
Total		422,900

NAVAL STATION, ROOSEVELT ROADS, P. R.

	Replacement pier No. 2	$300,000
	Improvements to water distribution system	166,000
Total		466,000

NAVAL STATION, SAN JUAN, P. R.

1	Replace and repair roofs on naval station buildings	$15,000
34	Alternations and equipment to establish shop stores in public works department.	10,000
12	Replace security fence, naval station and San Geronimo Reservations	25,000
9	Refill settled areas under buildings	30,000
29	New well to feed san. pat. filtration plant and naval station water system	5,000
32	Point up and paint exterior of naval station buildings	80,000
15	Construct combination hose drying rack and fireman training tower	5,000
Total		170,000

NAVAL STATION, LONG BEACH, CALIF.

P1–53	Improvements to fire-alarm system	$40,000
R1–53	Application of capsheet to existing roof on 23 buildings	25,000
R2–53	Overhaul floating piledriver YPD–38	5,000
R3–53	Repairs to floating crane YD156	5,000
R4–53	Replacement of steam cleaning equipment in PW garage	5,500
R5–53	Repair pontoon barges	60,000
R6–53	Replace boundary fence naval air station (inactivated)	20,000
Total		161,000

NAVAL STATION, GUANTANAMO BAY, CUBA

	Provide adequate water service pier D	$12,000
	Replace boundary fence	88,300
	Hard surface Kittery Beach Rd	385,000
	Maintenance dredging of bay area	1,000,000
Total		1,485,300

NAVAL STATION, ADAK, ALASKA

P2–53	Fire protection sprinkler system; Birchwood hangar	$75,000
R1–53	Repairs to Birchwood hangar doors	105,000
P3–53	Cement asbestos board on exterior and interior walls, Birchwood hangar	60,000
R2–53	Major repairs to roof, Birchwood hangar	16,000
P4–53	Storm entrances and wind breaks at exterior doors, naval station barracks	20,000
P5–53	Sprinkler system; fire walls and curtains, PW buildings	150,000
P7–53	Morgue building, including equipment	25,000
Total		451,000

PUBLIC WORKS CENTER, NAVAL BASE, NORFOLK, VA.

Project No.	Title of project	Amount requested
143	Revision of fog system—P. W. paint shop	$8,500
146	Replacement of fender piling	22,000
136	Replace roof on motor generator equipment storehouse	2,500
139	Repairs to streets and roads	6,500
145	Revision—roof drainage on E. R. consolidated shops building	12,000
138	Preservation painting—MEM quarters	1,750
134	Replace roof on the public works refrigeration shop	4,575
135	Replace roof on the naval station barracks	7,725
142	Construction of vehicle shed	39,000
95	Rehabilitation of 9 submarine floats	50,000
144	Dredging	60,000
141	Repairs to railroad system	14,500
137	Preservation painting	1,500
147	Replace roof on E. and R. shop building	4,000
148	Replace roof—addition to building 57 for housing the stand-by Diesel power plant.	2,000
R1-53	Renovation of building No. 1350	2,000
R2-53	Renovation of bachelor officers quarters	24,500
R3-53	Renovation of marine barracks	31,000
R4-53	Renovation of marine headquarters building	8,500
R5-53	Renovation of recreation and library building	16,000
R6-53	Renovation of chief petty officers quarters	13,500
R7-53	Paint buildings, power substation, shops and warehouse and 8 sets of officers quarters.	12,500
R8-53	Reroofing of power substation, shops and warehouse buildings and 8 sets of officers quarters.	56,000
R9-53	Repair to security fence	14,000
R10-53	Repairs to asphalt roads on 15 ND reservation	7,000
Total		421,550

NAVAL STATION, GREEN COVE SPRINGS, FLA.

1-53	Resurfacing approximately 10,000 square yards deteriorated station roadways	$48,000
2-53	Overhaul and repair portable and fixed compressed-air equipment	40,000
3-53	Repair roof and replace deteriorated shingles on barracks, administration building, fleet headquarters building, commissarry building.	47,000
4-53	Repair deteriorated roofs landplane hangars 9 and 19	48,000
6-53	Relag, overhaul, and repair overhead and underground steam distribution system.	25,000
7-53	Replace deteriorated wooden siding on CPO quarters, MOQ, BOQ, mess building.	49,000
8-53	Replace 10,000 feet station boundary fencing	41,000
Total		298,000

NAVAL STATION, ORANGE, TEX.

	To provide additional boiler capacity at central heating plant	$86,000
	To provide an access pavement to dispensary, garages, supply warehouses	23,000
	To improve electrical power factor	10,000
	To provide 28 pier breaker type electrical outlets on the accommodation ship piers (Nos. 3 and 8).	14,000
	To renew the roof on 4 barracks buildings (Nos. 104, 105, 106, and 107)	9,000
	To provide certain items of plant account property of public works department shops.	2,665
Total		144,665

NAVAL STATION, TONGUE POINT, ASTORIA, OREG.

P5-53	Fire escapes and ventilation, Navy Heights	$128,237
P3-53	Access road from Navy Heights to Astoria	32,000
P8-52	New fire horn, Navy Heights	1,250
P9-52	Fire-alarm box lights	4,435
P11-52	New guard house, main gate	19,250
R2-52	Mott Basin dredging	125,000
P12-52	Decontamination station	19,508
P21-52	Mark water valves	1,620
P40-52	Water meter	4,820
P22-52	Electrical distribution switch	3,000
P1-53	Hangar 1—second deck office space	20,000

NAVAL STATION, TONGUE POINT, ASTORIA, OREG.—Continued

Project No.	Title of project	Amount requested
R15-52	Rehabilitate sewage system at Tongue Point Village	$35,000
P23-52	Electrical outlets, water front	19,500
P24-52	Circuit breakers—pier circuits	77,440
P25-52	Paving, rear of administration building	8,228
P26-52	Moorage cleats	2,846
P2-53	Move P. W. department to hangar 2	195,000
P27-52	Enlarge P. W. department office space	18,287
R3-52	Replace automotive shop equipment	3,085
P29-52	Ventilate paint spray booth	1,596
R4-52	Rehabilitate public address system	1,450
R5-52	Repair railroad track	3,200
R6-52	Repair barracks walls	10,000
P30-52	Correct deficiencies, Navy Heights	97,000
R9-52	Repair bathroom walls, Navy Heights	8,500
R8-52	Repair roofs, Navy Heights	8,000
R10-52	Replace hot water tanks, Navy Heights	14,175
P8-53	Access road, old and new highway	19,635
R11-52	Paint antenna towers	6,650
P33-52	Increased parking area, EM club	4,350
P34-52	Pave parking area	9,000
P35-52	Rewire Quonset huts	2,800
P37-52	Exhaust system, joiner shop	3,700
P38-52	Personal belonging storage	15,235
P39-52	Pave road, south gate	4,600
P14-52	Caterpillar control	700
Total		900,593

NAVAL STATION, TACOMA, WASH.

R1-53	Reconstruct pier 1, berths A and B	$185,000
R2-53	Reconstruct pier 2, berths C and D	125,000
R3-53	Reconstruct pier 3, berths F and G	390,000
Total		700,000

NAVAL CONSTRUCTION BATTALION CENTER, PORT HUENEME, CALIF.

1-53	Provide space heating in work areas of the automotive and material handling repair parts bin storage building.	$15,000
2-53	Repave shipside area	145,000
3-53	Install underground electric feeders	98,000
4-53	Redredge harbor and channel with depth now less than 32 feet	125,000
5-53	Alterations to heavy duty public works transportation and equipment maintenance shops.	190,000
6-53	Alterations to maintenance shops	190,000
7-53	Repairs to perimeter fence now deteriorated by ocean spray	40,000
Total		803,000

CONSTRUCTION BATTALION CENTER, GULFPORT, MISS.

----	Expenses in connection with the reactivation of this facility such as repairs to roads, buildings, warehouses, and provision for outside storage and handling areas. This activity was ordered reactivated Feb. 26, 1952 after several inactive states	$445,833

CONSTRUCTION EQUIPMENT DEPOT, DAVISVILLE, R. I.

1-53	Rehabilitation to inactivated storage warehouses	$210,000

CONSTRUCTION EQUIPMENT DEPOT, GULFPORT, MISS.

1-53	Rehabilitation of naval store houses	$18,000

DEFENSE HOUSING AT VARIOUS LOCATIONS

Project No.	Title of project		Amount requested
.....	Remaining half of special maintenance projects deferred until fiscal year 1953. Such projects are constructions of additional fire exits, fire escapes to eliminate fire hazards; structural repairs as reroofing, repairs and replacement of sewage-disposal systems, plumbing fixtures, screening for windows and doors.		$3,900,000
	MISCELLANEOUS ACTIVITIES SERVICES		
1	Contributions to NMF—beneficial suggestions		$2,100
2	Contributions to NMF—safety educational material (posters, signs, etc.)		2,000
	DPWO, 12ND (NABPD) SAN BRUNO, CALIF.		
P1-53	Correct security deficiencies	$12,500	
P2-53	Repairs to timber trusses	1,610	
P3-53	Emergency roof, door, and window repairs	19,385	
P4-53	Road repairs	3,500	
P5-53	Preservative painting of the security fence	8,000	
P6-53	Repairs to miscellaneous buildings	18,320	
			$63,315
.....	Maintenance of railway mounted and floating power plants at various locations.		50,000
Total			117,415

RESEARCH FACILITIES

Mr. SHEPPARD. I would like to drop down now to the item reflected here as 3–F, "Research facilities," where I find you are asking for the same amount in 1953 as you estimated for 1952, namely, $2 million. How does it happen these figures are worked out to be exactly compatible one with the other?

Admiral JELLEY. I would say in part that is due to preview operations in the Navy and the Research and Development Board.

Mr. SHEPPARD. Would your testing laboratory enable you to come up with the fraction, to practically the same fund?

Admiral JELLEY. As a matter of fact, the $2 million will be spent entirely at the evaluation laboratory, Port Hueneme, Calif.

Mr. SHEPPARD. We ought to have a breakdown of that, because we are going to be confronted with questions from Members on the floor of the House. We all know research and development is somewhat intangible, and that is why if I were going to pick out some place on which I wanted to be supercritical, I might address myself to an item where you have exactly the same amount as you had the previous year, unless it can be explained by the fact that you make a contribution to some general fund, in which you assist with a specific amount of money.

Admiral JELLEY. As a matter of fact, we requested more than the $2 million, but it was reduced in the reviewing process and it worked out that we got exactly the same as last year.

Mr. SHEPPARD. In other words, the workload is not an indication that it would be exactly the $2 million.

Admiral JELLEY. No.

Mr. SHEPPARD. You may have a heavier workload than the current year's figure would indicate, but through some reviewing process the requirement was fixed by the Bureau of the Budget at this amount?

Admiral JELLEY. That is true.

As a matter of fact, the $2 million is not quite in the same status as other maintenance and operation costs. In this $2 million is included the cost of operation, our evaluation groups, the laboratory at Hueneme, and all the cost of operations, which will include the mechanics and the technicians who are actually testing the items of equipment, and so on. It is actual operation of the same type, but the evaluation rate has increased.

MISCELLANEOUS ITEMS AND SERVICES

Mr. SHEPPARD. With reference to another item, 3–H, "Miscellaneous items and services," in which you have an estimate for 1953 of $2,150,126, and the amount available for 1952 was $1,570,100; under the title of "Miscellaneous Activities," I think we should have an explanation of what is involved in this requested increase of approximately a half million dollars.

CONVERSION OF BEN MOREELL HOUSING

Admiral JELLEY. They are listed in detail on pages 19–35 and 36. These are a group of miscellaneous functions. The increase is largely due to the conversion of the Ben Moreell housing at Norfolk, Va., from rental housing to public quarters.

This is a large rental housing project, 1,362 units, that is being converted to public quarters. This $1,000,000 will permit us to complete the job. So far, 652 of the units have been converted to public quarters.

The $1,000,000 will permit us to convert the last 710 units. That involves the procurement of furniture which is not furnished for the rental housing but is for the public quarters; miscellaneous rehabilitation in putting the building into good shape for occupancy.

The second line down is the maintenance and operation of that housing as public quarters. As public quarters, we pay for the utilities. As rental housing, the occupant pays.

As I stated, the increase in this activity is due to the conversion requirement.

Mr. SHEPPARD. I notice that your next item is for $520,000. Does that fall within the same general category as the one that you referred to above?

Admiral JELLEY. That is the object for the operation of this housing, the payment of utility charges and miscellaneous repairs to the building.

VEHICLE STORAGE

Mr. SHEPPARD. Your next item is for $44,000, "Motor vehicle storage, Brandywine, Md." That is for the housing of that type of equipment?

Admiral JELLEY. Yes.

Mr. SHEPPARD. What type of structure is that to be?

Admiral JELLEY. We have had that for the last 10 years or so at Brandywine, Md.

Mr. SHEPPARD. Then that is not new construction?

Admiral JELLEY. No. This is the cost of the guards, half a dozen mechanics, the telephone bill, the utility bill and miscellaneous supplies and materials. Thirty seven thousand, six hundred and sixty-six dollars of that $44,000 is for the salaries, and the remainder for the communication and miscellaneous materials.

Mr. SHEPPARD. I notice in a series of items reflected in the lower part of this page that you have no estimates for 1953 or 1952. Why are they still carried in your justifications?

Admiral JELLEY. That is because we did have expenditures in 1951. That responsibility is transferred to the Bureau of Ships; however, we actually made the expenditure in 1951.

Mr. SHEPPARD. So far as your justifications are concerned, in the future they will not be continued here?

Admiral JELLEY. That is correct.

PUBLIC WORKS CENTERS

Mr. WIGGLESWORTH. Item 3A is public work centers, $19,088,000 compared to $23,087,000 in the current year. How many public-works centers are there?

Admiral JELLEY. Two, Mr. Wigglesworth; one at Norfolk and one on Guam.

Mr. WIGGLESWORTH. I see that there is a breakdown on page 19–21.

Admiral JELLEY. Yes.

Mr. WIGGLESWORTH. Take the Norfolk item. What does that $10,000,000 include?

Admiral JELLEY. I have a further breakdown there of how much is recurring. Seven million, three hundred and eighty thousand dollars is for recurring maintenance and operation. That compares with $7,900,000 in 1952 and $8,800,000 in 1951. There has been a small reduction in the recurring costs.

Two million, three hundred and forty-nine thousand dollars for special projects, which compares with almost exactly the same amount for 1951 and 1952.

Four hundred and twenty-two thousand dollars for the purchase of trucks and construction equipment which was $1,000,000 less than last year and about half of 1951, which was $891,000.

Mr. WIGGLESWORTH. What are the special projects?

Admiral JELLEY. We have a detailed list of those projects.

Mr. WIGGLESWORTH. Just cite a few of them. This is all under maintenance and operation. I do not know what you mean by special projects.

Admiral JELLEY. The first project is rehabilitation of boilers and auxiliary equipment at the central power plant which the public works center operates, $200,000.

Repairs and rehabilitation of the water distribution at the naval base, Norfolk. This is also operated by the public-works center. That was $500,000.

Rehabilitation of utilities distribution system, including water, steam, and electricity in the south annex area, $275,000.

Repairs and additions to utility services pier area, $150,000.

Repair to roads, streets, and pavements in parking areas at naval base, $130,000.

Construction of curbs, gutters and parking areas, $100,000.

They are the larger items under the special projects.

Mr. WIGGLESWORTH. Is that typical of what you are doing here in all these items?

Admiral JELLEY. In general it is typical of the special projects for the public works centers and for the naval stations.

Mr. WIGGLESWORTH. How much do you have in this $88,000,000 for special projects?

Mr. COCHRANE. $15,300,000.

Mr. WIGGLESWORTH. Under the schedule that chairman Connor of the full committee has prescribed for this subcommittee, it is impossible to go into the details of all these special projects.

Do you give this committee your personal assurance that these projects are all vital from the standpoint of the active operations of the Navy?

Admiral JELLEY. Yes, Mr. Wigglesworth.

We have with us a description and justification of each individual special project. Those special projects were carefully screened by competent engineers in the bureau as well as our budgeting personnel, from a much larger list. In general they are the types of repair that will reduce danger to human life and prevent breakdowns of one kind or another.

Mr. WIGGLESWORTH. When a bureau comes before this committee and just says that it wants to replace something, obviously unless there is further information the request means nothing. Whether the replacement is justified or not depends upon all sorts of considerations.

Admiral JELLEY. That is what we try to accomplish in our screening process. We try to analyze them from an engineering point of view as to whether efficiency will result and whether it will pay off from the standpoint of efficiency, and whether danger to human life is involved, or whether danger of breakdown of a utility system is involved.

It may assist the committee if we give you this. We have photographs showing quite a few of the conditions that we are seeking to correct with these special projects, if that would be of any assistance.

Mr. WIGGLESWORTH. How many projects, roughly, are to be included in the figure of $15,300,000 that you gave us?

Admiral JELLEY. At least 200.

Mr. WIGGLESWORTH. 200 projects.

Admiral JELLEY. Yes.

Mr. WIGGLESWORTH. They are all over and above the normal maintenance items?

Admiral JELLEY. Yes. These are generally classified as deferred maintenance projects.

Mr. WIGGLESWORTH. Can you place in the record a table of these projects, showing what they are, the location, the cost, and justification for each, so that when we mark up this bill we can at least go over the table and have some idea of what you have in mind?

Admiral JELLEY. We have that information right here. It has taken us 3 months to do that, Mr. Wigglesworth.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. Excluding the special projects in both years, how does your over-all total compare for maintenance and operation?

REDUCTION IN MAINTENANCE AND OPERATION

Admiral JELLEY. The recurring maintenance and operation is down from $7,916,000 at Norfolk to $7,380,000. At Guam it is down from $8,740,000 to $7,787,000.

Mr. WIGGLESWORTH. What is the situation with respect to the over-all item here, item 3?

Admiral JELLEY. In general, the maintenance and operation—the recurring maintenance and operation—is down slightly, in the neighborhood of 5 percent. The special projects in the aggregate are about the same as in 1952.

Mr. WIGGLESWORTH. About $15,000,000 for each year?

Admiral JELLEY. Yes.

The trucks and construction equipment are down to about a third of last year.

The big decrease in budget activities, activity No. 3, is caused by the transfer of responsibility at various advance base depots to the Bureau of Supplies and Accounts. I would say had it not been for the transfer of that responsibility, our $88,000,000 would have been around $95,000,000. There was about $9,000,000 worth of responsibility that went to Supplies and Accounts.

Mr. COCHRANE. Around $5,000,000.

Admiral JELLEY. $5,000,000 of that decrease from $106,000,000 to $88,000,000 is caused by a transfer.

Mr. WIGGLESWORTH. It is apparent rather than real?

Admiral JELLEY. Yes; because it shows up in another appropriation, but there is an actual decrease of $13,000,000 caused by an average of a 5 percent decrease in recurring costs, and a decrease in the procurement of trucks and construction equipment for the individual stations.

Mr. WIGGLESWORTH. Under item 3b, how many district public workshops and facilities are covered by the $6,584,000 that you request?

Admiral JELLEY. We have two. They are listed on page 19–23. The shop in the twelfth district and the shop in the fourteenth district.

Mr. WIGGLESWORTH. And the special projects there, if any, will be included in the over-all table that you are going to give us?

Admiral JELLEY. They are in the photostate list. There was $87,000 for the twelfth district and $806,000 for the fourteenth district. You will find those in there under the headings.

Mr. WIGGLESWORTH. But you are going to amplify that list so that we will have some explanation of the items?

Admiral JELLEY. Yes.

Mr. WIGGLESWORTH. Under item 3C you have how many stations covered?

Admiral JELLEY. Fourteen naval stations. Those stations are listed on page 19–26, with the estimate for each station.

Mr. WIGGLESWORTH. The total amount is $28,164,986 in 1953 as against $27,661,600 in 1952.

Admiral JELLEY. Yes. Once again, we have that divided into recurring maintenance and operation, special projects and purchase of trucks and construction equipment.

Of the total of $28,164,000, $20,000,000 is for recurring maintenance and operation; $20,862,000, which is down slightly from last year's figure of $21,242,000.

Procurement of trucks and construction equipment is down from 1952. In 1952 it was $5,698,000 and in 1953 it is $1,020,000. However, there is a large increase in special projects; $720,000 last year and $6,281,000 this year.

Mr. WIGGLESWORTH. I see that this item shows an over-all increase of about $500,000, and in the breakdown I see substantial increases at the Guantanamo station, from $3,500,000 to $4,600,000, and at the Rodman station, from $1,900,000 to $2,400,000, and at the Tongue Point station, from $1,400,000 to $2,300,000.

Explain those increases.

Admiral JELLEY. The increase at Guantanamo is almost entirely caused by a special project in the amount of $1,000,000 for dredging. That is the largest individual special project in all those photostatic sheets. We have not dredged at Guantanamo since 1942. The silt has accumulated to such an extent it is now a $1,000,000 job to restore the harbor to its original depth. In view of the remoteness from the United States dredging companies, it is economical to let that work accumulate so as to make it worth while to move a dredge from the Gulf Coast, or the southeast coast, to Guantanamo. It is a $1,000,000 job.

Mr. WIGGLESWORTH. Are operations limited by the present depth?

Admiral JELLEY. A number of moorings are no longer usuable because of the shallow water.

Mr. WIGGLESWORTH. What about Rodman?

Admiral JELLEY. At Rodman there is an increase.

Mr. WIGGLESWORTH. About $500,000.

Admiral JELLEY. It is in recurring maintenance and operation, from $1,618,000 to $1,974,000. That largely results from a reorganization down there where the previous public works shop of the Fifteenth Naval District was transferred to the naval station at Rodman. We no longer budget for the district public works shop, Fifteenth Naval District, and instead it is consolidated with the public works station shops. There is an increase in special projects from $30,000 to $421,000.

INCREASE IN SPECIAL PROJECT ESTIMATE

Mr. WIGGLESWORTH. What are the special projects?

Admiral JELLEY. Those are listed as follows: Revision of fog system. That is the fire-fighting system in the paint shops, $500.

Replacement of fender piling in piers, $22,000.

Mr. SHEPPARD. Why do you catalog those as special projects?

Admiral JELLEY. It is a method to allow us in the bureau to keep a closer control over the expenditures at these local stations. They are required to come to us to get permission to do these accumulated projects. In turn, we come to the committee to justify them. In general, if a project is for repairs to a specific facility, that is going to cost more than $5,000, they come in to us.

Replacement of roof on several buildings. Rehabilitation of submarine floats, $60,000.

Dredging, $60,000.

Repairs to railroad system, and so forth.

We have some complaints that the $5,000 figure is too low, that we should let them go up to $20,000 or $25,000.

Mr. WIGGLESWORTH. Your recurring items are less than $5,000?

Admiral JELLEY. In general, we pick that as a fair figure. If it is more than $5,000, it must be deferred maintenance.

Mr. WIGGLESWORTH. What is the story at Tongue Point where you request a $900,000 increase?

Admiral JELLEY. At Tongue Point, it is almost entirely a question of special projects. The last 2 years they got no money for special projects. This year, we have in for $900,000 for special projects. We cut out about half of the projects. They originally asked for $2,438,000, which we reduced to $900,000.

Looking at a few of the larger projects, here is Mott Basin dredging, $125,000.

Rehabilitate sewerage system at Tongue Point Village, $35,000.

We have repairs of circuit breakers on piers, $77,000.

Correct deficiencies, Navy Heights—and that is a public quarters area, $97,000.

Access road, old and new highway, $19,000.

A number of these naval stations did not have any funds for special projects these past 2 years, and the deferred maintenance has accumulated to the point where we need to ask for relatively large sums of money.

CONSTRUCTION BATTALION CENTERS

Mr. WIGGLESWORTH. Item 3D, "Construction battalion centers," shows $12,990,000 compared with $18,477,000. There seem to be three of those. This is the place where the transfer has been made to the Bureau of Supplies and Accounts?

Admiral JELLEY. Yes. May I have a chart here? I believe the chart will explain this organizational set-up.

Captain DRUSTRUP. This is the present organization of the naval activities at Port Hueneme.

The old naval station is now designated "Advance base depot." It is under the management control of the Chief of Naval Operations. It is composed of three principal parts: the construction battalion center, which is under the management control of the Bureau of Yards and Docks; a commissary store, which is under the management control of the Bureau of Supplies and Accounts, and the advance base tactical training center, which is under the management control of the Bureau of Personnel.

Under the construction battalion center, which is, I would say, 95 percent of the total activity at Port Hueneme, there is a construction equipment depot that takes care of the maintenance and the preservation of equipment under the management control of the Bureau of Yards and Docks, funds for which are in this budget submission.

Advance base supply depot, under the management control of Busanda, which is the storage activity.

The naval school of construction, which is a group of trade schools, I might say, for construction battalion personnel.

The Civil Engineer Corps officers' school, under Bureau of Personnel, which is self-explanatory.

The Yords and Docks supply office, which is a supply and demand control point of the naval supply system; and, last, the Civil Engineering Research and Evaluation Laboratory, also under Bureau of Yards and Docks.

The red underlined are those which appear in our budget, and over which the Bureau of Yards and Docks has management control.

Admiral JELLEY. Under the construction battalion center we budget for a lot of common services used by the equipment depot, the supply depot, the schools, and so on.

The figures before you are common services for six or seven activities.

Now, in general, the organization at Davisville and Gulfport is along the same line, although we do not have the laboratory or the supply office, and so forth at those places.

Captain DRUSTRUP. Davisville is a much simpler chart. It simply has the advance base depot, construction battalion center with the two component parts, construction equipment depot and the advance base supply depot. And then the Bureau of Personnel manages the advance base tactical training center.

Admiral JELLEY. At Gulfport we have only the construction battalion center and the two depots under that.

Mr. SHEPPARD. Do you have any further charts to give us as far as your organization is concerned?

Admiral JELLEY. No, sir.

Mr. WIGGLESWORTH. This $7,000,000 figure, I assume, includes special projects also?

Admiral JELLEY. The $7,000,000 figure includes $803,000 of special projects at Hueneme. There are no special projects at Davisville. There is $445,000 in special projects for Gulfport.

Mr. SHEPPARD. What did you do at Camp Peary, survey it out?

Admiral JELLEY. Off the record.

(Discussion off the record.)

CONSTRUCTION EQUIPMENT DEPOTS

Mr. WIGGLESWORTH. Item 3E is for construction equipment depots. They seem to be allocated at the construction battalion centers.

Admiral JELLEY. You will notice on the chart, Mr. Wigglesworth, the construction equipment depot is one of the subactivities of the construction battalion center.

The construction battalion center has the cost for the common services for the subordinate depots.

On special projects under equipment depot, we have none at Port Hueneme, $210,000 at Davisville and $18,000 at Gulfport.

Mr. WIGGLESWORTH. Research facilities are all at one laboratory?

Admiral JELLEY. Yes. It is now concentrated at Port Hueneme, Calif. The last several years we have had a test station at Point Barrow, which we discontinued on the 1st of July. We transferred those functions to Hueneme. We are now performing that work in the high Sierras. The Army station at Big Delta, Yukon, and if necessary, we will use the Canadian station in Churchill, Canada.

Mr. WIGGLESWORTH. Is it correct to state that you are asking $2,000,000 this year as compared to $1,790,000 in 1952?

Admiral JELLEY. Yes, I think it is, except that part of the work that was previously done at Point Barrow has been done in the high Sierras near Port Hueneme. I can report that we have had all the snow that we could ask for this past winter.

DEFENSE HOUSING

Mr. WIGGLESWORTH. I am not clear as to just what you said about the defense housing units, item 3G, $9,600,000, as compared to $9,200,000 in 1952 and $6,000,000 in 1951.

Admiral JELLEY. Once again, that defense housing is broken down into two parts. There are the regular operating charges plus special projects. The recurring maintenance and operation charges are up from $5,237,000 to $5,769,000. That increase is caused by our basis of estimate. Last year we estimated on the basis of $18 per unit per month.

Mr. WIGGLESWORTH. For what?

Admiral JELLEY. Per house.

Mr. WIGGLESWORTH. For what, maintenance?

Admiral JELLEY. Maintenance and operation. This year we are estimating it at $20 a month. This compares to the public housing figures of $22.06 per month on continental housing and $27.48 on overseas housing. We have estimated all of our housing at the same rate, whether continental or overseas, at $20.

Mr. WIGGLESWORTH. The same number of units?

Admiral JELLEY. The number of units has decreased. This year it is 24,138. We went down about 1,000 this past year, and about 5,000 the year before.

FINANCIAL STATUS OF RENTAL PROPERTIES

Mr. SHEPPARD. Are those rental properties self-sustaining?

Admiral JELLEY. Mr. Sheppard, during the past 11 years approximately $40,000,000 over and above the funds that have been appropriated for maintenance and operation of this housing has been deposited in the Treasury, and even with this expenditure of $9,669,000 we estimate that the rental receipts for the fiscal year 1953 will be $14,000,000.

Mr. SHEPPARD. How long will it take you to write off the original investment?

Admiral JELLEY. We have made a number of studies on that. It is favorable because the units that originally cost $3,500 to construct are now worth in the neighborhood of $8,000 or $9,000. We have not raised the rents in the same proportion. It is in the neighborhood of 25 years.

Mr. MORRISON. I estimated about 3 years ago, 30 years.

Mr. SHEPPARD. Why have you not increased your rents in proportion to your overhead?

Admiral JELLEY. It is not the overhead that I referred to, it is the value of the buildings. The value of the buildings has more than doubled. The rents have gone up in the neighborhood of 40 or 50 percent. We are bound by the general rent-control policy promul-

gated by the Congress, and, of course, the rents have not gone up in the same proportion as the sales value of the housing.

I would say, though, our rents are in proportion to the overhead, the cost of operation, because that is one of the factors that we take into account in computing the rent.

Mr. SHEPPARD. Referring to the over-all picture, you figure insofar as the governmental investment in these properties is concerned, it is a sound and substantial investment, and not only self-liquidating but paying a reasonable percentage on the investment?

Admiral JELLEY. Yes. The only weakness that I have seen in the whole picture is that it will take about 30 years to amortize the investment.

Mr. SHEPPARD. The Wherry Act takes 30 years, too.

Admiral JELLEY. A little more, 33, or something like that.

However, these houses have not had the quality built into them in all cases to permit them to last 30 years. A lot of them were 10- or 15-year-life construction. That is basically the reason we are coming in now for special projects to replace entire roofs. A cheap roof that can only be expected to last 10 years was originally installed rather than an expensive 20- or 30-year roof. We are repairing rotted timbers and replacing linoleum, replacing water heaters, and ranges that have burned out.

So, basically it is a fact that we are trying to amortize a 10-year house in 30 years that we have to come back now with heavy expenses. We have not the same quality in these wartime rental houses that we were getting in the Wherry-type of housing.

INCREASE IN MISCELLANEOUS ACTIVITIES AND SERVICES

Mr. WIGGLESWORTH. Item 3H is for miscellaneous items and shows an increase of about $600,000, from $1,500,000 to $2,100,000. It is chiefly reflected in a $1,000,000 expenditure, which is a $500,000 increase for conversion of Ben Morrell Housing to public quarters. Where is that?

Admiral JELLEY. That is at Norfolk.

Mr. WIGGLESWORTH. All at Norfolk?

Admiral JELLEY. Yes.

Mr. WIGGLESWORTH. How important is that?

Admiral JELLEY. Mr. Wigglesworth, that follows from a policy adopted by the Navy and approved by this committee about 3 years ago when it was decided that all rental housing that was sufficiently well constructed and of sufficient size should be converted to public quarters and not be on a rental basis. Ever since then we have gradually been transferring rental housing to public quarters.

Now, in public quarters we provide the basic furniture. In rental housing it is up to the occupant to get his furniture. In public quarters the Government pays for the electricity, the water, and the heat. In the rental housing the occupant pays for them.

The way it works out in practice the Government gets a greater annual return from the surrender of rental allowances to the officers and enlisted men, but he has to make a capital investment in order to recapture that. As a general rule, I would say that the rental rates are in the neighborhood of $40 a month, whereas the rental allowances are a minimum of $67.50 a month, and in the case of junior officers who

occupy these quarters, they go up as high as $80 a month; so instead of getting $40 a month in his rent, they are getting an average of perhaps $75 a month as a surrender of rental allowances. We have to buy the furniture and pay the utilities in order to do that, and it was decided some 3 years ago that the Government would make money operating these units as public quarters instead of rental housing.

Mr. WIGGLESWORTH. What determines the rate at which you convert them? You cannot do it all at once.

Admiral JELLEY. We converted 652 in the last 2 years and approximately 325 per year. We have 710 left to convert, and the $1,000,000 requested will permit us to convert those 710.

Mr. WIGGLESWORTH. It will complete the job?

Admiral JELLEY. It will complete the job; yes.

Mr. WIGGLESWORTH. I think there is not much use in going any further, Mr. Chairman, under the time limitations which have been imposed.

SPECIAL PROCUREMENT

Mr. SHEPPARD. We will take up budget activity No. 4, "Special procurement," reflected on page 19–37 of the justifications, which page we will insert in the record at this point.

(The page referred to is as follows:)

Budget activity No. 4—Special procurement

No.	Project	1951 actual	1952 estimate	1953 estimate
4-A	Passenger-carrying vehicles	$6,036,559	$5,880,120	$2,107,620
4-B	Equipment and material for classified activities	30,967,050	16,786,000	77,801,380
4-C	Warfare defense material and equipment	115,040	984,000	300,000
4-D	Harbor defense material and equipment	0	14,004,000	0
4-E	Other procurement (specific items)	1,594,211	8,039,600	7,287,000
	Total direct obligations	38,712,860	45,693,720	87,496,000

Mr. SHEPPARD. This activity is made up of five subprojects.

Your total estimate for 1953 is $87,496,000.

In 1952 it was $45,693,720. This reflects an increase of $41,802,280.

Admiral JELLEY. Yes.

PASSENGER-CARRYING VEHICLES

Mr. SHEPPARD. We will now take up project 4–A, "Passenger-carrying vehicles." Your estimate for 1953 is $2,107,620. Your 1952 estimate was $5,880,120.

I would like to call attention to the breakdown reflected on page 19–39, which expresses the unit costs and so forth of various vehicles that are reflected in subactivity 4–A.

What has happened to the $5,880,120 that you received in 1952, and how much of it has been expended, and what is your unexpended balance on hand in that account, if any?

Admiral JELLEY. I do not think a dollar has been expended, and I do not think that all of the $5,000,000 has actually been obligated. I will ask Commander Wende to give an opinion of the status of our requisitions to Army Ordnance for this material.

Commander WENDE. I do not know the exact number of dollars obligated, but it is a very limited amount.

Mr. SHEPPARD. Let me put it this way to clarify the picture insofar as the Bureau of Yards and Docks is concerned.

You were granted by the Congress the sum of $5,880,120 for motor vehicles of the passenger-carrying type. I know those vehicles are being procured by another agency of the military; in this instance, the Army Ordnance.

How many requisitions have you sent over to that procuring agency, and what would those requisitions be, balanced in dollars against your appropriation?

Commander WENDE. I would have to get that for the record. I cannot give it to you now.

Admiral JELLEY. It has all been requisitioned.

Commander WENDE. All the requisitions have been sent to Army Ordnance.

Mr. SHEPPARD. Insofar as you are concerned, and insofar as your bookkeeping pertains, you do not have anything left out of your $5,880,120?

Commander WENDE. That is correct.

Mr. COCHRANE. All the money for the items has been committed.

Mr. SHEPPARD. How long have you had those commitments within the jurisdiction of the procurement agency, and why have you not some vehicles by this time, since you have had this money available?

Admiral JELLEY. In the first place, a freeze was put on the procurement of motor vehicles by the Department of Defense following the provision in the temporary acts that were passed last July, August, September, and October.

Admiral JELLEY. After the passage of the regular appropriation bill that freeze was continued by the Department of Defense's comptroller. We had to go back and rejustify to them our individual items, both passenger cars and trucks. As I recall, they finally lifted the freeze about 6 weeks ago or 2 months ago.

Commander WENDE. It was lifted only in part about 3 weeks ago. There is still a part of the freeze on.

Mr. SHEPPARD. Taking into consideration the lead time on deliveries that has already been evidenced before this committee, that testimony would indicate that you may not have orders filled under several months' time.

Admiral JELLEY. Not from the point of view of the appropriation. With the present state of manufacture, we should get delivery within a matter of days after a contract is placed because the manufacturers have a surplus.

Mr. SHEPPARD. It is indicative that your procurement agency has not issued the contracts in accordance with the time that they received them.

Admiral JELLEY. Exactly.

Mr. SHEPPARD. What I am trying to get at is this: You had that much money granted to you by the Congress for the procurement of vehicles, and it was testified before the Congress that they were essential under your vehicle procurement program. For reasons of some kind, be whatever they may, you do not have any vehicles at this time as the result of the funds granted to you in the year that I have referred to; is that correct?

Admiral JELLEY. That is correct.

Mr. SHEPPARD. Taking into consideration the lead time that is necessary for the industrialists to provide the vehicles once they have received the orders, I ask, why do you need the $2,107,620, and when are you going to spend it, in 1953 or 1970?

Admiral JELLEY. We need the $2,000,000 to replace 1941 sedans that are being operated at relatively high cost.

Mr. SHEPPARD. I grant you that.

Admiral JELLEY. We will be allowed to submit a requisition for those sedans, if the money is appropriated, but when the requisitions will be translated into contracts is entirely beyond our control these days.

Mr. SHEPPARD. I grant that, but it is evident from the mathematical concept, if nothing else, that what we are doing here is piling up appropriations and you are not able to procure in accordance with the funds that have previously been granted to you.

Admiral JELLEY. Except these are annual funds.

Mr. SHEPPARD. I will grant you that. I go back to the fact that the testimony before this committee is that you cannot expect deliveries in July for at least 1 year from that date.

Admiral JELLEY. Yes.

Mr. SHEPPARD. If that is true, and the people have already had their money assigned by requisition, and the orders are in, that means that if you have $10,000,000 in 1953 you are not going to be able to spend it in 1953 because you are not even getting the vehicles that you ordered in 1952.

Admiral JELLEY. That is right.

Mr. SHEPPARD. I am just trying to analyze the situation here. In the meantime it is very obvious to me that if these orders had been placed for the vehicles in the time requirement compatible with your appropriation, you would have saved yourselves approximately 18 percent, which has been the increase in the cost of the vehicles which were justified for use in the 1952 estimate. If my assumptions are wrong, tell me so.

Admiral JELLEY. In addition, we are operating these old vehicles at a greater cost per mile than a new vehicle would cost.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

QUESTIONABLE ECONOMY OF SINGLE SERVICE PROCUREMENT

Mr. SHEPPARD. From the explanation we have had of this situation, both on and off the record, it is definitely obvious that the single service procurement function that we have just reviewed is not working, and in this instance it is definitely indicated as being an expensive luxury.

Just how much damage would you gentlemen suffer if we were to remove the $2,107,620 from your estimate for 1953 predicated upon the procurement and delivery that has been evidenced from your expenditure of 1952 funds?

Admiral JELLEY. In the first place, that would postpone the replacement of over-aged sedans at least another year.

I would like Commander Wende to comment upon the number of over-aged sedans that we have and the under-aged sedans that we have.

Commander WENDE. At the present time 33 percent of our total inventory of sedans are over-aged. We would suffer considerably if that were removed because our budget this year contains almost only replacements, and as the admiral said a moment ago, we are forced to continue operation of vehicles which are very, very uneconomical. It would cost the Government more money to keep us operating as we are now than if we were allowed to go ahead and procure new vehicles.

Mr. SHEPPARD. Is the percentage of over-aged and replaceable vehicles that you referred to in your statement inclusive of the overage and replaceable vehicles that you presently have in your inventory, operational or otherwise, and have not been replaced by the appropriations that you had granted to you in 1952?

Commander WENDE. It includes everything that will be overage at the end of 1953, and assuming that the 1952 ones are delivered and we get the additional 43 sedans that we are asking for in 1953.

Mr. SHEPPARD. If that is the case, and you have some 33 percent that will fall into the category of overage and obsolescence in 1953, what will be your existing vehicles in the same category because of an accumulation that you presently have on hand that have not been replaced by your budget of 1952?

Commander WENDE. At the end of 1953 our fleet will still be somewhat in excess of 30 percent over age. If the 1952 ones are not delivered we will lose 957 vehicles, so that would increase our percentage of overage by that amount. It would run to over 40 percent.

Mr. SHEPPARD. While I am thoroughly conversant with the facts of obsolescence and the yardstick used for the replacement of motor vehicles, there is a serious question in my mind about the justification of the $2,107,620. What is there in the offing that you gentlemen have to offer at this time that will justify this committee in appropriating $2,107,620 and relieve your condition, based upon your yardstick of experience in 1952?

Admiral JELLEY. We cannot demonstrate by past experience that we will get these additional cars in the fiscal year 1953 because we have not gotten any for the fiscal year 1952.

Mr. SHEPPARD. Your past experiences is indicative of the fact that you will not get them.

Admiral JELLEY. Not during the fiscal year because it appears in the fiscal year 1952 the contract will not be placed until the last month or so of the fiscal year, which means delivery in the following fiscal year. However, it pushes us 1 year behind as far as deliveries are concerned. Our appropriation status is the same, but our delivery status is what suffers.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

ADVANCE BASE PROCUREMENT

Mr. SHEPPARD. We will take up the next item, 4B, "Matériel for classified activities." Your estimate for 1953 was $77,801,380. The estimate for 1952 was $16,786,000.

Now, I interpret your classified activities as perhaps being a series of requirements that you will not want to justify on the record. Is that a correct assumption?

Admiral JELLEY. We can give part of the information for the record and part of it we would like to have off the record.

Mr. SHEPPARD. Why the increase in your 1953 estimate for this activity?

Admiral JELLEY. Of the $77,801,000, $67,799,767 is for the procurement of equipment and material required for classified activities for advance base units required by the end of fiscal year 1953.

These are items of matériel equipment for mobilization reserve as directed by the Chief of Naval Operations.

We have with us Captain Jacobs of the Chief of Naval Operations Office, who will talk about the district war plans. I understand he has a statement that can be inserted in the record.

ADVANCED BASE MOBILIZATION RESERVE REQUIREMENTS

The mobilization reserve of advanced base type of materials constitutes the minimum essential requirements for items necessary to establish new naval bases overseas for the support of our fleet units during the first 3 months after the outbreak of hostilities. These early support requirements are recognized as being fluid to the extent that the nature, scope, and direction of enemy effort can only be assumed. These assumptions stem from approved Joint Chiefs of Staff war plans. Initially the brunt of any enemy offensive must be met by forces available in the strategic area and augmented by forces and logistic support which can be placed there in a minimum time.

In order to continue our naval war effort in any strategic area, there must be provided balanced afloat and shore-based logistic support. The availability of a reasonable stockpile of advanced base equipment within the United States really means that we have a few "packaged naval bases" ready for early establishment to provide the necessary shore-based logistic support for our naval forces in any geographical area. By stockpiling these "packaged naval bases" we obviate the necessity of spending many, many, more millions of dollars in peacetime to establish permanent naval bases all over the world, which otherwise would be necessary if we are to plan to counter every possible enemy course of action.

We must have a flexible advanced base program which can provide a vital part of the basic logistical framework essential for the overseas support of the naval operating forces. We must take such action prior to hostilities to insure that the combat forces receive adequate logistic support; that is, they must have the means to carry out their assigned tasks. Fleet commanders in overseas areas must be supplied from continental United States the minimum supplies and services requisite to the efficient prosecution of combat operations. Furthermore, it is important that their requirements be supplied at the time and location where most needed.

A ready system and a minimum stock of advanced base type of equipment held in mobilization reserves can be transferred into advanced bases when and where needed. These bases, which can supply or repair a fleet 3,000 to 5,000 miles closer to an enemy, multiply the power which can be maintained constantly against him and greatly lessens the problem of supply and repair. The establishment of advanced bases in any foreseeable theater will, in effect, increase the number of ships and planes available to the fleet at a cost less than the equivalent addition of ships and planes.

The advanced base materials system, which is the foundation for naval advanced base planning, was initially developed in 1942–43 and used extensively during World War II. The development of the system and the long lead time required for certain types of material and equipment represents potential obstacles which will be largely eliminated by adherence to a well-planned mobilization reserve program.

The funds being requested by the Chief, Bureau of Yards and Docks will allow accumulation of the minimum essential advanced base type of equipment necessary to establish a reasonable and adequate mobilization reserve. This reserve level will provide only for the establishment during the first 90 days of hostilities of advanced base fleet support which is considered absolutely essential by the fleet commanders to carry out their war missions. These requirements take into account any established facilities in strategic areas and are the minimum needs necessary for the implementation of naval operational and campaign plans.

Captain JACOBS. We have planned for a number of new bases to be established overseas immediately after the outbreak of hostilities. These bases are established in accordance with the fleet commander's needs and requirements in the strategic planning to carry on the war. These are very high priority bases in order that we can take the measures necessary at the initial outset of the war against the enemy.

Some of these are entirely new.

(Discussion off the record.)

Captain JACOBS. Some of these new bases are in the Pacific, some of the bases are in the Atlantic, and some of them are in the Mediterranean area. They stem from the fleet commanders' operational plans.

These functional components which the Bureau of Yards and Docks is asking money for are the ones which are to be used and loaded out from the United States in the first 3 months of the war only. Now, if I may go off the record.

Mr. SHEPPARD. Before you do that let me ask this question. I assume from what you have said so far that this is a mobilization operation?

Captain JACOBS. Yes, sir, it is a mobilization operation, Mr. Sheppard.

(Discussion off the record.)

Mr. SHEPPARD. Captain, we have had quite an elaborate discussion pertaining to this phase of the functions from other sources in the previous part of our hearings. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. In regard to the estimated $77,801,380 that appears as your 1953 estimate, I would assume, from your statements both on and off the record, that there is a considerable portion of the appropriation requirement that is still under negotiation for final determination as to the geographical location in which these bases will be constructed.

Captain JACOBS. That is not quite correct, Mr. Chairman.

Mr. SHEPPARD. Very well.

Captain JACOBS. The negotiations I spoke of are principally for pre-D-day rights, and pre-D-day actions which we must take to be ready on D-day. An instance of that would be the laying of runways on an airfield. Now, they must be there and ready if they are going to be used on D-day.

The negotiations which I spoke of off the record are for the purpose of establishing those pre-D-day rights.

May I go off the record now, Mr. Chairman?

Mr. SHEPPARD. Yes.

(Discussion off the record.)

Captain JACOBS. From our planning point of view this equipment which is in question now is to be moved overseas after hostilities start, and our requirements are firm for those with the locations, and the amount that goes in there for certain purposes that the fleet commander in his operational plans desires, and others are of extremely high priority.

Does that answer your question?

Mr. SHEPPARD. No. I know there are certain operations taking place immediately within the scope of the $77,000,000. There are two component approaches to the total. I was trying to find out

whether or not the complete expenditure requirement for the $77,000,000 is now predetermined as to geographical locations in foreign countries where we have to have an agreement with those countries in order to move into those geographic locations. We have consummated some of them. I was under the impression we had not consummated all of them. Off the record.

(Discussion off the record.)

OTHER PROCUREMENT (SPECIFIC ITEMS)

Mr. SHEPPARD. The next item I would like to inquire into is reflected under 4E, "Other procurement, specific items." Your estimate for 1953 is for $7,287,000, which is a decrease from your 1952 estimate which was $8,039,600. What particular operation do you perform under 4E, to wit, other procurement, specific items?

Admiral JELLEY. This project provides for the procurement of various items of special equipment which fall under the technical and management control of the Bureau of Yards and Docks as well as the procurement of prototypes of newly developed equipment for test and evaluation at the Civil Engineering Laboratory.

Those items are listed on pages 19–43, 19–44, 19–45, and 19–46.

FLOATING CRANES

Mr. SHEPPARD. Referring to the item reflected on page 19–43, $3,600,000, 90 gross tons floating cranes, explain that.

Admiral JELLEY. That is for three floating cranes, 90 tons gross, $3,600,000, one hydraulic dredge, $1,500,000; four portable Diesel electric generator plants, trailer-mounted, 800 to 1,000 kilowatts, $400,000; a set of laboratory field strength meters, $20,000, which are used in connection with radio interference of automotive and construction equipment and also 63 emergency portable and mobile chlorination units, $88,000. Those chlorination units will be used in case of damage or sabotage to water supplies at naval stations where we have to chlorinate emergency supplies of water.

Mr. SHEPPARD. With reference to your three floating cranes, that would mean that you have a $1,200,000 unit cost there.

Admiral JELLEY. Yes, sir.

Mr. SHEPPARD. Because they are all of the same tonnage.

Admiral JELLEY. Yes, sir; they will be identical cranes.

Mr. SHEPPARD. What is the lead time on those, Admiral?

Admiral JELLEY. The lead time on those cranes has been running in the last year or so in the neighborhood of from 12 to 15 months.

Mr. SHEPPARD. How about your hydraulic dredge?

Admiral JELLEY. That will be probably 18 months.

Mr. SHEPPARD. Are you able to place those orders yourselves, or do you delegate that function to the tender mercies of some other procuring agency?

Admiral JELLEY. We will place the orders ourselves and procure them. We are the procurement agency for floating cranes. We buy them for the Army Transportation Service, for example.

As to the hydraulic dredge the Army engineers are the procurement agency for dredges.

We will buy the generating plants as we are the procuring agency for them. This is sort of a scratch my back and I will scratch your back operation.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

PROCUREMENT OF HUTS

Mr. SHEPPARD. I would like to refer to page 19–46 of the justifications, item 35, "Quonset hut with Arctic kit" for which you are asking $30,000.

Admiral JELLEY. Commander Kravath.

Mr. SHEPPARD. All right, Commander.

Commander KRAVATH. These are standard Quonset huts, such as we have already standardized on except that they also contain that extra equipment which is necessary to make them suitable for use in the Arctic.

Up until the present time the only huts which were suitable for the Arctic were those which were developed primarily for the Arctic, and they were very expensive.

We are endeavoring in these particular prototypes which are listed here to expand the usefulness of the standard Quonset hut by using extra parts.

Mr. SHEPPARD. In your Quonset hut category, I interpret from your statement that you arrived at a 20 by 48 Quonset hunt in this instance with which you are satisfied and which you are getting at the lowest unit cost at which you could get them because that is reflected in this request for $30,000 for three of them, which would be $10,000 a unit.

Commander KRAVATH. That is right, sir, except these are Quonset huts with the extra equipment to make them suitable for the Arctic.

Mr. SHEPPARD. I would not know that from looking at your description submitted in the justification unless you told me, because you say they are Quonset huts.

Commander KRAVATH. It is right here, Quonset huts, with Arctic kit, three.

Mr. SHEPPARD. Yes; Quonset huts, three of them with Arctic kits attached to them which obviously would increase the cost of the original 20 by 48 Quonset hut, is that correct?

Commander KRAVATH. We are currently buying that hut.

Mr. SHEPPARD. Then you have established, insofar as dimensions pertain a desirable Quonset hut for your Alaskan operations?

Commander KRAVATH. Yes, sir.

Admiral JELLEY. No, sir; I would not say that we have a standard hut which we could ues all over the world with certain attachments to it. The primary requirements here is for the attachments which will make that hut suitable for the Arctic.

Commander KRAVATH. Yes, sir; that is right.

Mr. SHEPPARD. Then, taking the explanation which you have injected, Admiral, I will assume that you have not only established a standard Quonset hut, but you have also established an Arctic kit and appurtenances that go to make that hut acceptable within that area?

Admiral JELLEY. We have designed one. We wish to buy these three prototypes so that we can test them out.

Commander KRAVATH. Yes, sir; that is right, sir.

Mr. SHEPPARD. In other words, what you have done here is to determine that this one here is the best Quonset hut that we have designed and are working on, and so forth, and now we are going to take them to Alaska to try them out to see if they meet our requirements.

Admiral JELLEY. Not exactly. We have several different types now of these huts. We have developed certain insulation materials that we might use on straight side-top, arch top, or any other type with the better heating and ventilation units that go into those huts. The hut itself is really incidental for this particular requirement. My point here is that these are extra additions that we have to make to any standard building to make it suitable for Arctic use.

Mr. SHEPPARD. How long is it going to take you to establish a hut that would be adaptable to a climate such as Alaska?

Admiral JELLEY. We already have such a hut, but it would cost in the neighborhood of $20,000 a unit. It is made of aluminum, panelized, and it can be put together very readily. We do not think that is the kind of thing we ought to have on hand to use in wartime, something that is going to cost $20,000 a unit.

We are trying to get something down to cost around $5,000 a unit, and that is the purpose of this further study, to try to pick something. We will buy all of those, and then buy enough insulation material, heaters, and so forth to go into the ones that will fit to go into the Arctic. Now if this prototype for a design works out after testing under Arctic conditions we will have it within a year.

Commander KRAVATH. Of course, we are attacking this problem from a number of angles. We have this panelized hut, as you have explained, Admiral. Now, we also would like to get an Arctic hut similar to that, not using critical materials in it. We already have a hut that is a wooden Arctic hut, which is very similar to the aluminum Arctic hut, but it costs about one-quarter as much as the aluminum hut. That is one method of attacking the problem.

Another method is to take our standard Quonset hut which is used in almost every place except in the Arctic and try to adapt it for the Arctic, and that is what this is for.

Mr. SHEPPARD. As a matter of curiosity, if you already have the wooden hut that you have referred to that appears at the moment to be acceptable, instead of going into three prototypes for the purpose of investigation why not take one of each into Alaska and see what the results are and what you come up with?

I know you have a long ways to go to iron out all of the wrinkles, but instead of experimenting with this design, which appears to be exclusive, why do you not have a combination of designs which have been developed to the degree that they are worthy of experimenting with in Alaska?

Admiral JELLEY. We do have such a combination. As Commander Kravath has said, we have a wooden-type Arctic hut which is scheduled for testing just about this time. That is scheduled for initial structural test at Port Hueneme, which we will show you in a minute in the movies, when we get to the research section, but the idea of getting three identical huts so that we can send one to the Arctic to test the erection, the assembly of it, and so forth, and one to be used in a low-temperature chamber, and the other up in the Sierras.

Commander Kravath. Yes, sir; that is right.

Admiral JELLEY. This year we can send one up to Alaska and bring it back, and then next year send it to the Sierras to test it, but it would be a 3-year proposition, whereas, by spending $30,000 more we could do it all in 1 year.

Mr. SHEPPARD. In other words, what you are doing is, while you are actually ordering three huts, you do not intend to confine your experimentation and practical application exclusively to Alaska. You are going to disperse them in three different geographical locations, to wit, in Alaska, the Sierras, and some other place; is that correct?

Commander KRAVATH. Yes, sir; that is correct, sir.

Mr. SHEPPARD. I can understand that type of function.

JAMESWAY HUT

Let us drop down to item 37, "Jamesway hut," 16 by 48, standardized interior appurtenances, three at $5,000, or a total of $15,000. Will you tell us about those?

Commander KRAVATH. That is the standard Army Quartermaster type. It is really a tent, Mr. Chairman. I have a picture of it here, if you would like to look at it.

Mr. SHEPPARD. It is obvious that you would have to select a good climate where that was going to be used.

Admiral JELLEY. That is the Arctic hut that was used during World War II in the Arctic. Of course, it has bad insulation, but it is the type we used in World War II.

Mr. SHEPPARD. However, due to the climatic conditions with which you have to deal in the Alaskan area, and in any other similar place it is not considered a very long-life structure; is it?

Admiral JELLEY. It has a very short life, and if we had a lot of moisture it would, or might, rot out in the first summer's use.

Commander KRAVATH. We are trying to thoroughly evaluate this hut so that we know all of its weaknesses and all of its strong points, so that if someone asks us why do you not procure this type of hut, we will know something about it.

Admiral JELLEY. If it is worth while procuring we will buy it. It may be suitable for all of our needs. I do not know what is going to be in short supply when war breaks out. Wood may be short, steel may be short, or this canvas may be short. I think the more types we have developed and available the greater flexibility we will have.

Mr. SHEPPARD. Does the Navy assign any of its laboratory work to Fort Belvoir?

Commander KRAVATH. We have tested none of the huts at Fort Belvoir, but we have had other things tested there from time to time. We have better testing facilities for huts at Port Hueneme than they have at Fort Belvoir.

In the case of other things, such as engines they have made their facilities available to us, and we are only too glad to have them test our engines, generator sets, and so forth. We have a movie showing that test set up at Port Hueneme.

Mr. SHEPPARD. I have been through your laboratory testing set-up at Port Hueneme, and I have also been to Fort Belvoir. Off the record.

(Discussion off the record.)

POLAR UTILITY BUILDINGS

Mr. SHEPPARD. What do you define as a polar utility building?

Commander KRAVATH. A polar utility building is actually a kind of a long Quonset hut, which is essentially a utility building. It has a heating system in it and water storage.

Admiral JELLEY. And it could also be used as a shop or a storehouse.

Commander KRAVATH. That is right. I have a picture of that too. Pictures are better than words.

Mr. SHEPPARD. I noticed a rather interesting development just a few days ago at Camp Pendleton in which they had taken their old Quonset huts and raised them up and put an inset in front with a slight overhang. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. They have done some pretty remarkable work on that job, comparatively speaking.

Admiral JELLEY. The standard Quonset hut has a paneled plywood floor, but I have seen them installed where they poured a concrete floor and then put a curtain wall in and put the hut on top of it.

Mr. SHEPPARD. I think they are doing that out there with 175 or 180 of them.

Commander KRAVATH. They did that with the 40 by 100 storage structures during the war.

Mr. SHEPPARD. Do you have anything further to offer on 4E, under other procurement, specific items, which we have been discussing?

Admiral JELLEY. No, sir, unless you wanted to ask questions on some of those individual items that are listed there.

PROTOTYPE AMPHIBIOUS TRANSPORTER

Mr. FERNANDEZ. I would like to be told something about your item 3, "Prototype amphibious transporter," $250,000.

Commander KRAVATH. This is a vehicle, sir, which is a boat, and it also has wheels on it. It also has a set of brakes.

Its purpose is to make its way out to a ship, receive cargo or personnel, a 30-ton tank, or a piece of construction equipment, and then make its way back to the shore, to proceed over tidal mud flats which are very difficult to get across, and when it hits good terrain you lower its wheels and it makes its way with wheels.

Here is a picture of this vehicle. It is a sketch. Of course, it is now under construction. This will have a land speed of 9 miles per hour, and a sea speed of 6 knots an hour.

PRESTRESSED CONCRETE FLOATING DRYDOCK

Mr. FERNANDEZ. Now, will you tell us something about item 9, "Prestressed concrete floating drydock," to cost $300,000?

Commander KRAVATH. In an effort to save critical materials we are anxious to construct a prototype reinforced concrete floating drydock which would be a small unit of 500-ton capacity. Previously they were constructed of steel, although in World War II some of them were constructed out of reinforced concrete and wood and this would

be a prestressed concrete floating drydock, and its purpose would be to save critical materials.

Mr. FERNANDEZ. A prototype costs $300,000?

Commander KRAVATH. Yes, sir; we estimate that.

Captain DRUSTRUP. It is a 500-ton floating drydock.

Commander KRAVATH. That is its capacity, but it would weigh much more than that.

FLOATING CAUSEWAYS

Mr. FERNANDEZ. Referring to "Floating causeways," $250,000, the last item, will you explain that?

Commander KRAVATH. You know, in an amphibious invasion LST's are often beached a quarter of a mile from shore. It is necessary that some means be provided for traffic to make its way from the LST to the shore.

Up until now we have been using our NL pontoons for that purpose.

As a result of the Inchon invasion when landing craft were spotted, in some cases, as much as a mile from shore, the military requirement was given to us to develop a type of causeway which could span a mile, and that is what this is.

Mr. FERNANDEZ. That is all, Mr. Chairman.

SNOW-COMPACTION DEVICES

Mr. SHEPPARD. I have just one more question. I find reflected on page 19–45, under items 15, 16, and 17, "Snow compaction devices."

Commander KRAVATH. Yes, sir.

Mr. SHEPPARD. Do you mean by that that you are going to use a roller to compact snow with?

Admiral JELLEY. That is for use on airplane runways. It is a system of pulverizing the snow to make it uniform, rolling it and vibrating it and compacting it so that planes can land and take off from a field when it is covered with snow.

Commander KRAVATH. In other words, using it as construction material itself.

Admiral JELLEY. We can also use it to make roads. For instance, where we have 8 or 10 feet of snow, instead of trying to use a snowplow and going down to the ground, we build a road on top of the snow. It would be a handy way of getting a quick air strip in snowy country during winter.

Mr. SHEPPARD. What do you figure your depth of compaction of the snow is a square foot, irrespective of this type of function?

Commander KRAVATH. I do not know whether I quite understand the question, Mr. Sheppard.

Mr. SHEPPARD. In other words, here is the question: You are now creating by the use of these compaction devices, or attempting to create, an artificial landing mat or runway.

Commander KRAVATH. Yes, sir.

Mr. SHEPPARD. All right, in order to do that you are taking the snow down from a certain average level down to a resulting average level.

Commander KRAVATH. Yes, sir.

Mr. SHEPPARD. My question is, have you analyzed this operation to the degree that you know how much snow you have to compact in

order to support the load that you are going to set down on it with your plane coming in, and not have it stand up on its nose?

Commander KRAVATH. In general we have; yes, sir. Instead of depending on figures for that we test it with various devices after we have packed it to determine whether or not it will be able to support the load of a plane.

Admiral JELLEY. You take it from about 3 feet down to 6 inches.

Commander KRAVATH. No, sir, not necessarily. It depends on the type of snow you have and how cold it is. With all of those imponderables you might pack it 1 foot, or maybe 6 feet under other conditions.

Mr. SHEPPARD. It is obvious that the more moisture you have in your snowfall the better compaction you will have.

Commander KRAVATH. Yes, sir.

Mr. SHEPPARD. That is a very interesting development. I would be glad to get some further reports on it.

Admiral JELLEY. We have a similar development for putting a landing strip on ice floes.

Mr. SHEPPARD. Yes, but that is a different situation from compacting snow.

Admiral JELLEY. Yes; here we are working with snow.

Mr. SHEPPARD. That will be a very interesting development, and I will be interested in hearing what accomplishments you achieve out of that. Your reports on it are very sound, but what the net result is going to be is rather problematical at the moment. It is a matter that you have to put into practice; is it not?

Commander KRAVATH. Yes, sir.

Admiral JELLEY. Off the record.

(Discussion off the record.)

PASSENGER-VEHICLES (CONTINUED)

Mr. WIGGLESWORTH. You say, as I understand it, that this Bureau provides the procurement of passenger vehicles for the entire Navy?

Admiral JELLEY. Yes, sir.

Mr. WIGGLESWORTH. That does not apply to all motor equipment, but it does apply to all passenger-carrying vehicles?

Admiral JELLEY. That is correct, sir.

Mr. WIGGLESWORTH. This request of yours contemplates 1,450 vehicles, 1,337 for replacements and 115 for new equipment, is that correct?

Commander WENDE. Yes, sir.

Mr. WIGGLESWORTH. How many were there in your 1952 request?

Commander WENDE. In 1952 we procured——

Mr. WIGGLESWORTH (interposing). No, in your request.

Commander WENDE. 2,041, the total of all passenger equipment.

Mr. WIGGLESWORTH. How many of those were for replacement?

Commander WENDE. 2,074.

Admiral JELLEY. 2,104 was the total request.

Commander WENDE. Yes, sir, 2,104 was the total request of which 2,074 were replacements.

Mr. WIGGLESWORTH. I notice on page 19–39 there appears the figure 2,041 for your 1952 vehicles.

Commander WENDE. Yes, sir, the correct figure is 2,041.

Mr. WIGGLESWORTH. What is the correct figure for replacement?

Commander WENDE. The correct figure for replacement is 2,074.

Admiral JELLEY. There were 30 for expansion, and the remainder were for replacement, so 2,041 minus 30 would be 2,011.

Mr. WIGGLESWORTH. 2,011?

Admiral JELLEY. Yes, sir.

Mr. WIGGLESWORTH. How many vehicles are there all told in the Navy as today?

Commander WENDE. As of June 30, 1952, there will be a total of 9,888.

Admiral JELLEY. That is, assuming that the 1952 procurement is achieved.

Commander WENDE. Yes, sir, assuming we get our 1952 procurement.

Mr. WIGGLESWORTH. In other words, you have 30 less than that number now?

Commander WENDE. We have all of our replacement less than that now.

Mr. WIGGLESWORTH. No, you only asked for 30 new vehicles for 1952, did you not?

Commander WENDE. Thirty for expansion, sir, and the rest were replacements.

Mr. WIGGLESWORTH. So that as of today you have 9,888, less 30 over-all?

Commander WENDE. Assuming we get our full 1952 procurement, yes, sir.

Mr. WIGGLESWORTH. Regardless of your 1952 program, if all but 30 are for replacement you would have 9,888 minus 30, you must have a total today of 9,858?

Commander WENDE. That is correct.

MATERIAL AND EQUIPMENT FOR CLASSIFIED ACTIVITIES

Mr. WIGGLESWORTH. Now, the large item here in project 4B is for material and equipment for classified activities, $77,800,000. Do you have a breakdown or shopping list of those items?

Admiral JELLEY. Yes, sir.

Mr. WIGGLESWORTH. May I have a look at it?

(Discussion off the record.)

Mr. WIGGLESWORTH. These items are prepared in respect to a specific number of stations and specific requirements at each of those stations?

Captain DRUSTRUP. Specific allowances for these components, for the number of specific functional component assemblies as specified by the Chief of Naval Operations.

Mr. WIGGLESWORTH. It is not specific as far as you are concerned in respect to any number of advance bases?

Captain DRUSTRUP. No, sir.

Mr. WIGGLESWORTH. This is simply handed to you, in effect, by CNO, and you pass it on to us as it comes from him?

Admiral JELLEY. Yes; off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. The unit costs are based on what?

Captain DRUSTRUP. Actual prices.

Commander ROWE. Those prices are estimated as of the time this estimate was prepared with a 10 percent estimated increase over the price at the time of the last purchase.

Captain DRUSTRUP. In 1951.

Commander ROWE. The basic unit prices are all estimated on increased contract prices.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

CONSTRUCTION BATTALION SUPPORT

Mr. SHEPPARD. All right, gentlemen, we will pick up budget activity No. 5, "Construction battalion support," wherein you are making your request for 1953 in your estimate for $18,703,000. In 1952 your estimate was $23,244,000, which reflects a decease of $4,541,000.

Mr. Reporter, insert the table on page 19–47 in the record.

(The matter referred to is as follows:)

BUDGET ACTIVITY NO. 5.—*Construction-battalion support*

No.	Project	1951 actual	1952 estimate	1950 estimate
5-A	Operating support of construction-battalion units	$1,015,949	$1,190,000	$1,800,000
5-B	Training of construction-battalion personnel—equipment and material	13,683,143	7,305,000	515,000
5-C	Initial outfitting of construction-battalion units	18,724,300	9,954,000	11,890,100
5-D	Equipment replacement for construction-battalion units	8,642,049	4,795,000	4,497,900
	Total direct obligations	42,065,441	23,244,000	18,703,000

Mr. SHEPPARD. Your activity 5 is made up of four subactivities.

OPERATING SUPPORT OF CONSTRUCTION-BATTALION UNITS

In the first one, "Operating support of construction-battalion units," your request for 1953 is for $1,800,000, and you had $1,190,000 in 1952. What justifications do you present for this request?

Admiral JELLEY. Those funds are the very minimum funds required for the operating costs of our active construction battalions, of which we now have eight in commission, one being commissioned and three more authorized.

From this appropriation we pay for spare parts, tires and tubes, gasoline, oil, and any special fuel required.

Mr. SHEPPARD. Your breakdown on that is reflected on page 19–49?

Admiral JELLEY. Yes, sir.

We have the increased cost of the additional number of battalions in service, plus the fact that we underestimated in previous years the actual operating cost.

Your recall our first postwar operating construction battalion was one which was authorized 2 years ago; so, we have only had 2 years' experience with these peacetime battalions. Our construction battalions prior to 2 years ago were engaged in maintenance operations. These are actual construction battalions.

Mr. SHEPPARD. Well, the CB's in World War II made quite a reputation for themselves, and if the group you are putting together

now is going to be comparable to them it will function in a very commendable manner.

Admiral JELLEY. I was in the Philippines last November where we had two battalions that had moved in recently on a job, and I saw no difference in the activities of this group compared to similar activities during World War II. They were experienced construction people, and they were going about the job in a manner which indicated that they knew what they were about.

PERSONNEL REQUIREMENTS

Mr. SHEPPARD. I know that this may be a little outside of your function, but are you experiencing any difficulty in filling your personnel requirements?

Admiral JELLEY. No, sir; not by numbers, but by quality. We have provided our experienced men in the last 2 years from Reserve CB's as they were returned to active duty. After they serve the time specified, they are being replaced by younger men. However, we have instituted training programs through which we are going to keep up on skill and know-how.

Mr. SHEPPARD. What is the total number of CB personnel for which the funds reflected in activity 5 are going to be applied?

Admiral JELLEY. On January 1, 1952, we had 6,154 in the Pacific, and 5,796 in the Atlantic, or a total of 12,243. That is as of January 1, 1952.

Mr. SHEPPARD. Am I to assume from the budget request reflected in activity No. 5, $18,703,000, that your expenditures will cover that number of men or is there an increase in the number of men to be covered over and above that number, 12,243?

Admiral JELLEY. There is no increase. As a matter of fact, as the Reserves are released there is a slight decrease.

TRAINING OF CONSTRUCTION-BATTALION PERSONNEL

Mr. SHEPPARD. With reference to 5–B, "Training of construction-battalion personnel—equipment and material," you are asking for $515,000 for 1953. You had $7,300,000 in 1952. What has occurred between your expenditures of 1952 and your estimate of 1953 that indicates this decrease in your request?

Admiral JELLEY. You have appropriated enough funds in 1951 and 1952 to take care of the provision of training equipment at the various training centers, and it is now only necessary to ask for money for the maintenance of that equipment, plus a minor replacement program.

There is a breakdown on 19–51 showing how that has developed. In other words, we now have equipment on hand and available and we are asking for maintenance and minor replacements.

EQUIPMENT PROCUREMENT

Mr. SHEPPARD. By happenstance do you procure your own equipment yourselves, or is it done for you through another procuring agency?

Admiral JELLEY. Once again I must say that we have ordered the equipment in some cases. In some cases we get it ourselves; in some cases we get some of it through the Army Engineers, and in some cases we get some of it through Army Ordnance.

Mr. SHEPPARD. What is the present status of the availability of this type of equipment and material? Insofar as your 1952 expenditure pertains, do you have 50 percent available, 60 percent, or what percentage do you have available?

Admiral JELLEY. I do not think we have it broken down, as far as training equipment is concerned, but we do have a breakdown of all of the advance-base-type equipment, of which this is a part.

For the 1951 and 1952 program, approximately 50 percent has been delivered in construction equipment.

INITIAL OUTFITTING OF CONSTRUCTION-BATTALION UNITS

Mr. SHEPPARD. Picking up 5–C, "Initial outfitting of construction-battalion units," you are requesting, for 153, $11,890,100. In 1952 the estimate was $9,945,000.

Admiral JELLEY. This is for five construction battalions, one of which is actually in the field now with equipment that was loaned from war reserves. Funds in that particular case will be used to replace that equipment in war reserve.

Another battalion is being activates which has been loaned equipment from war reserve.

The other three battalions are authorized and scheduled for activation during this fiscal year, and once again they will have to borrow their equipment from war reserve which will cut down the equipment we were just talking about, which will be required during the first 90 days.

EQUIPMENT REPLACEMENT FOR CB UNITS

Mr. SHEPPARD. With reference to 5–D, "Equipment replacement for construction battalion units," your estimate for 1953 is $4,497,900. Your estimate for 1952 was for $4,795,000. This is a very slight increase.

Admiral JELLEY. These operating battalions, naturally, are wearing out their equipment.

We expect that it will average out that the equipment has a life of 7 years. We have started this program of building up a pool of equipment. It is really a depreciation factor, so that as the equipment wears out it will automatically be replaced from stock.

In other words, the value of their operating equipment is approximately 7 times $4,000,000. We ask for an appropriation each year of one-seventh of that stock value, buying the equipment each year and put in the pool, and as it wears out we issue it.

If a number of CB battalions stays constant it will be no longer necessary to ask for that initial outfitting because we will keep it up to date from this pool. It is really giving us our depreciation factor each year.

Mr. SHEPPARD. Am I right in assuming that construction-battalion support would include spare parts for the heavy mechanical devices that they use?

Admiral JELLEY. Yes, sir. The spare parts are ordinarily procured under the naval stock fund. As they are issued to these battalions later the battalions pay for them from this appropriation, and the naval stock fund will be reimbursed.

Mr. SHEPPARD. What has been your experience to date on your spare parts, operationally speaking? Are you having any jobs tied up because of a lack of adequate equipment which is chargeable to an inadequacy in spare parts?

Commander ROWE. They have had a few difficulties, sir, with some of the newer pieces of equipment and the repair parts have been behind delivery of the original pieces of equipment, but basically on the operating equipment that we have been operating we have not had many really critical circumstances.

Admiral JELLEY. In other words, it is more or less the normal situation; you can never be 100 percent.

Commander ROWE. Yes, sir; that is correct.

Mr. SHEPPARD. Do you have any questions upon project 5, Mr. Wigglesworth?

Mr. WIGGLESWORTH. You had $1,190,000 for this year for 12 CB battalions, as I understand.

Admiral JELLEY. No, sir, we had a lesser number of battalions. $1,800,000 is for 12 battalions this year.

Commander ROWE. $1,190,000 was for 12 units, including battalions. There are 18 units to be active in 1953.

Mr. WIGGLESWORTH. Twelve at $1,190,000?

Admiral JELLEY. Yes, sir.

OBLIGATIONS

Mr. WIGGLESWORTH. What were your actual obligations as of December 31?

Mr. COCHRANE. The actual obligations are well over $1,000,000.

Mr. WIGGLESWORTH. As of what date?

Mr. COCHRANE. As of January 31. We have had a very bad estimate, running short, and are having to transfer other funds.

Mr. WIGGLESWORTH. You are asking here for $1,800,000 for 18 battalions?

Admiral JELLEY. For 18 units.

NUMBER OF PERSONNEL PER CONSTRUCTION BATTALION

Mr. WIGGLESWORTH. How many men do you figure in a unit?

Admiral JELLEY. In a Construction Battalion it would be 550 men. We have two naval construction battalions, one in Guam and one in Adak. On Guam it is 1,200 men, and on Adak about 500.

We have 12 mobile construction battalions running about 550, two amphibious construction battalions, running about 75, and two construction battalion detachments, running about 350.

Mr. WIGGLESWORTH. Did you give Mr. Sheppard the over-all figure?

Mr. COCHRANE. Yes, sir, 12,243.

Mr. WIGGLESWORTH. For 1953?

Admiral JELLEY. As of January 1, 1952.

Mr. WIGGLESWORTH. What will you have if the amount which is requested is allowed?

Admiral JELLEY. This is not for the men themselves. It is for the support of their equipment, gasoline, spare parts, and so forth that they need.

Mr. WIGGLESWORTH. It is related to them?

Admiral JELLEY. It is related to the number of people engaged in construction activity.

The 12,000 we gave Mr. Sheppard included these maintenance detachments which are operating utilities for overseas bases, and do not require the support that an operating unit will require. So, the 12,000 are not in the number supported from this $1,800,000. We expect the numbers in 1953 to be up about 50 percent from 1952.

Mr. WIGGLESWORTH. How many of these units did you activate in 1952?

Admiral JELLEY. There will be 6 in 1951; 12 in 1952, and 18 in 1953.

Mr. WIGGLESWORTH. Why do you need more for initial out-fitting in 1953, $11,890,000, as compared with $9,900,000 for initial outfitting. If you are going to activate the same number of units in 1953 as in 1952.

Admiral JELLEY. We are behind. We outfitted units in 1952, furnished them equipment from the reserve which we are asking for funds now to replace. As a matter of fact, the $11,890,000 figure is to take care of five major units, and two of those units will be equipped prior to the fiscal year 1953.

Mr. WIGGLESWORTH. How much of this $11,890,000 is for the replenishment of the mobilization reserve?

Admiral JELLEY. Two-fifths of it.

Mr. WIGGLESWORTH. Two-fifths?

Admiral JELLEY. Yes, sir.

Mr. WIGGLESWORTH. What will be the status of that reserve if that two-fifths is used to replenish it?

Admiral JELLEY. We will be able to meet the requirements of the first 90 days of mobilization.

In other words, the funds we are getting, and which have been given in the past are requested this time for functional components which we will need for the equipment for the C–B's who will have to put those functional components together.

Mr. WIGGLESWORTH. If this $11,800,000 is made available and two-fifths of it is used to replenish the mobilization reserve that will bring it up to D plus 90?

Admiral JELLEY. Yes, sir; taken in conjunction with the transfers expected.

Mr. WIGGLESWORTH. That is all.

RESEARCH AND DEVELOPMENT

Mr. SHEPPARD. All right, gentlemen, we will pick up the next budget activity which is No. 6, research and development, on page 19–55 of the justifications.

Admiral JELLEY. This is research and development where we have prepared a movie for your information, Mr. Chairman, if you care to see it.

Mr. SHEPPARD. Your estimate for 1953 is $2,000,000. In 1952 it was $1,949,000, which shows an increase of $51,000. Now, you said that you had a movie that you want us to look at.

(The movie was shown.)

Mr. SHEPPARD. Out of your estimate of $2,000,000, take about five examples that are outstanding research and development projects and tell us something about them, aside from those that we have already reviewed.

AMPHIBIOUS OPERATIONS

Admiral JELLEY. On page 19–56 we have it broken down into general classifications. For amphibious operations we want $1,067,000.

Mr. SHEPPARD. Out of the $1,067,000 for amphibious operations, give us four or five examples that will go to make up that total sum.

SUPPLY HANDLING EQUIPMENT

Admiral JELLEY. We propose to spend $125,000 for supply handling equipment, for the development of low-pressure tracks and wheels and other items.

You will recall that fork-lift tractor. We will have to have specially designed tracks if we get onto a muddy-type beach, to permit it to stay on the surface. We expect to experiment along those lines and get some tracks that will operate in very soft soil.

We expect to spend $902,000 for various types of port facilities, polar operations, bases on sea ice, snow stabilization, snow removal and adaptation of construction equipment to permit its use in below-zero weather.

Mr. SHEPPARD. What do you expect to do in the snow-removal aspect that is different from the modern concept?

Admiral JELLEY. I would say nothing different from the modern concept. We are testing various makes of snow-removal equipment; equipment self-contained; equipment that can be attached to the front of a truck or tractor. There are a number of different types. We have found for heavy-duty use commercial models have developed weaknesses, and we are testing them and analyzing them and recommending improvements to the manufacturers.

Mr. SHEPPARD. What particular field in that category are you most interested in, that of the flat push or elevation and distribution?

Admiral JELLEY. Elevation and distribution, the rotary type.

Mr. SHEPPARD. Take up your next item that is the heaviest in that category.

ARTIFICIAL HARBORS

Admiral JELLEY. Under water-front structures for port facilities, we have artificial harbors. The picture of the floating breakwater that we showed you would be a replacement for the huge concrete structures that they towed over to Normandy. It took a long time to set them up. They went out in the first big storm. We feel that this floating barrier will be cheaper and can be installed in a matter of hours instead of a matter of days.

Mr. SHEPPARD. I can see the adaptability of this article with this reservation: Unless you have something to counterbalance the side pressure of your wave content at its peak velocity, you are going to have a lay-down instead of a break-up.

The whole effectiveness comes from being able to baffleize your impact of water.

Admiral JELLEY. It is so devised that it turns the wave on itself and the waves are canceling each other out. It is not like the San Pedro breakwater, where it depends upon the strength of the breakwater to break up the waves. This contraption turns the wave around and the waves are fighting each other. This is the first time it has ever been thought of and tried—using the force of the waves to break up the succeeding waves. You get about 85-percent reduction. Our mooring has to take about 15 percent of the force of the incoming wave.

Mr. SHEPPARD. Where is one operating?

Commander KRAVATH. In California.

Admiral JELLEY. Shock-absorbing fender systems for piers. Improved sanitation, waste and disposal, advance base structures such as the program that you saw.

We are expending about $50,000 next year in that program.

Commander KRAVATH. Yes, that is right.

Admiral JELLEY. We have saved about $10,000,000 since Korea with relatively small expenditure.

Mr. SHEPPARD. Do you have anything in this operation whereby you would test a new type of brake shoe for motor vehicles, passenger and otherwise?

Commander KRAVATH. We have nothing budgeted, but we could do that very easily if we had to.

Admiral JELLEY. We are making a study now to pass on that. We had difficulty in our procurement of some of this unusual equipment. We also have difficulty in buying cranes because every manufacturer's crane is a little different. It has been very difficult to specify, and you have all kinds of arguments whether he meets the specifications or not. We are studying the advisability of going into prequalification program, where a man would bring his crane in prior to any known procurement and say, "Put my crane through the Navy test, and if it is satisfactory put me on your approval list." In that way we could limit our procurement to an approved model. We have the skill and some of the facilities, but we would have to put in additional facilities at Hueneme to accomplish that type of program. Brake shoes would be the kind of things that would have to be tested by these facilities. I think that we would probably call upon the Army Ordnance, or some of those people, to test brakeshoes. We could make a makeshift arrangement.

SUPPLY OPERATIONS

Mr. SHEPPARD. What do you mean by supply operations? You want $728,000 for that.

Admiral JELLEY. The Research and Development Board has set up certain categories, and we try to identify our individual projects with those categories. For instance, under that supply operation comes soil stabilization of beaches, the hardening of beaches, prestressed concrete, coral concrete, and pretested concrete. These are very little things that I ordinarily think of as a supply operation, but it is the only definition that the Research and Development Board could give them.

Mr. SHEPPARD. What would you consider, among the entire grouping, the most important research that you are presently interested in?

Admiral JELLEY. That would be very difficult. I would immedi-

ately look to one of the items in the amphibious operation, and I would pick the artificial harbor study as being the most important.

Mr. SHEPPARD. I assume that was done, because I notice by and between the allocation of funds as they are delineated upon this breakdown there is more applied to that particular aspect than there is to anything else.

Admiral JELLEY. Yes.

DEPARTMENTAL ADMINISTRATION

Mr. SHEPPARD. We will take up budget activity No. 7, "Departmental administration," and we will insert page 19–57 in the record at this point.

(The page referred to is as follows:)

No.	Project	1951 actual	1952 estimate	1953 estimate
7A	Departmental salaries	$2,865,346	$3,862,500	$3,973,205
7B	Officer and civilian travel	83,482	150,000	150,000
7C	Transportation	2,603	0	0
7D	Communication services including postage	52,031	75,000	75,000
7E	Rental of office equipment (IBM)	19,385	28,400	32,000
7F	Printing and reproduction	77,382	205,000	205,000
7G	Other service support	220,939	363,900	765,595
7H	Expendable supplies and materials	134,969	120,000	115,000
7I	Furniture and equipment	35,885	64,000	60,000
7J	Federal Insurance Compensation Act	4,982	7,500	8,200
	Total direct obligations	3,497,004	4,876,300	5,384,000

Mr. SHEPPARD. This is broken down into a series of 10 subactivities. I notice that your total request is $5,384,000 for 1953. Your 1952 estimate was for $4,876,300. This reflects an increase in your estimate, and it appears at the moment that the major increase is reflected in departmental salaries, proportionately speaking.

INCREASE IN SALARIES

Give us your reason for having an increase in your request or your estimate for 1953 of $3,973,205 in your departmental salaries as against $3,862,500 for 1952.

Admiral JELLEY. In 1952 we have an end strength of 790 people. We have a man-year figure of 735 people.

In 1953 we have the same end strength of 790, but the man-years is up to 769. In other words, we have increased between 1951 and 1952 from 733 to 790. In 1953 we stay constant. Therefore, we expect a higher average man-year cost.

The increase in departmental salaries is almost entirely due—well, it is entirely due—to the 34 additional man-years.

Mr. SHEPPARD. Maybe I have misinterpreted your statement, but I find reflected on page 19–58 of the justifications that the funds amount to $3,973,205, to provide for 769 man-years and a position ceiling of 1,073 civilian employment.

Admiral JELLEY. Yes, sir. Our end strength is 790. The ceiling is 1,025, but we will be far below our ceiling. I will ask Mr. Cochrane to explain that.

Mr. COCHRANE. The 769 is the amount of man-years that we will have. The 790 is the allowed ceiling, as against the total man-years we will pay for on a full-year basis.

Admiral JELLEY. But we have 1,035 positions authorized but not all filled.

Mr. COCHRANE. We have 1,035 positions which we have had authorized but we cannot fill them with our current ceiling.

Mr. SHEPPARD. Then so far as your ceiling is concerned, as such, it merely acts as a barrier that you are not supposed to go over.

Mr. COCHRANE. We cannot go over it at the Bureau level in Washington.

Mr. SHEPPARD. You have been under that ceiling, you say, for the past fiscal year?

Admiral JELLEY. Since August 31.

Mr. SHEPPARD. You have been under that ceiling?

Mr. COCHRANE. Yes, sir.

Mr. SHEPPARD. You contemplate being under that ceiling in your estimates for the budget we are presently reviewing?

Admiral JELLEY. Yes, sir.

Mr. SHEPPARD. So while the ceiling is indicated here, the only purpose it could respond to is that of saying you cannot go beyond that, because you are well under it now?

Mr. COCHRANE. We cannot possibly have more than 760 man-years under the current ceiling.

OTHER SERVICE SUPPORT

Mr. SHEPPARD. Let us look at item 7G, "Other service support," where you have $765,595 in your estimates for 1953, and you only had $363,900 for 1952. What has happened in that category of function which has caused the increase in your 1953 budget as against that of 1952?

Admiral JELLEY. There is a breakdown of that project on page 19–70. The increase is caused by two items. The first is training films.

We carry $90,000, which will provide for 10 training films. They were previously financed by the Bureau of Aeronautics. The major increase, though, is for the Bureau of Manual project, $218,900 to $535,595.

The Bureau of Manual project has been under way for the past 4 years. We are accelerating it because in the present period of an increased construction workload we have a definite need for an up-to-date manual. Our present manual was put out in 1941. It has not been thoroughly modernized and brought up to date. That will be the various technical policies on all the different technical functions that we carry in the Navy, putting them down in black and white for the information of the people at the local level. It will be their guide for design, operation, and so forth.

PRINTING AND REPRODUCTION

Mr. SHEPPARD. Under 7F, "Printing and reproduction," I find you have the identical figure in your estimates for 1953 that you had in 1952. How did you happen to come up with the same figure in that category?

Admiral JELLEY. We based that on this year's experience. Our expenditures for 1952 to date look as though we are going to hit that

$205,000 just about on the nose, and we expected about the same level of activity next year.

OFFICER AND CIVILIAN TRAVEL

Mr. SHEPPARD. Now, with reference to 7B, "Officer and civilian travel," you had $150,000 in the 1952 estimate, and you are asking for the same figure in 1953. With your increased load, because of the expansion program, how does it happen to come out with the same figure for travel; especially when we have also had increases in the travel rates through our public transportation systems since your last budget was required?

Admiral JELLEY. We took an increase between 1951 and 1952 to care for additional personnel, additional per diem allowances, and additional costs of fares. We estimate we will have the same level of activity in 1953, as we have in 1952. We disregarded the additional 34 positions, which is only about a 5-percent increase in personnel and we discounted any increase in per diem or fares. We took account of the increased fares between 1951 and 1952, and assumed the same for 1953.

EXPENDABLE SUPPLES AND MATERIALS

Mr. SHEPPARD. I see you have taken a $5,000 deduction in your "Expendable supplies and materials" in your 1953 budget, as compared to 1952.

Admiral JELLEY. Yes. We cut both that and the "Furniture and equipment" slightly. That has been on the basis of past experience. We are running at a pretty level rate this last year, and we expect it will continue.

TRANSPORTATION

Mr. SHEPPARD. Under item 7C, "Transportation," I find no reflections in 1952 and 1953. What has happened to that function so that you do not need any money, since you only had $2,603 in 1951? One would assume that for an activity of any character, specifically with transportation as I define that operation, you have in all probability expended the $2,603 a long time ago.

Admiral JELLEY. I will ask Mr. Cochrane to answer that.

Mr. COCHRANE. We used to buy, under the category of "Transportation," parcel post. We now have a regular metering machine. As such it is under "Communications service," item 7D.

Mr. SHEPPARD. How much unexpended balance do you have out of the $2,603?

Mr. COCHRANE. We spent practically all, I think, but a couple of hundred dollars of that, Mr. Sheppard.

Mr. SHEPPARD. What are you going to do with the $200?

Mr. COCHRANE. Return it to the Treasury.

Admiral JELLEY. We have consolidated it with 7D now, under the postage.

Mr. SHEPPARD. Does that mean that you have the right of transfer of the $200 plus under that category, Admiral?

Admiral JELLEY. That is past business in 1951. It is too late now. The only place it can go is to the Treasury.

Mr. COCHRANE. At June 30 new obligations ceased.

Mr. SHEPPARD. I recall back in the old days where you had a 5-percent transferability. Apparently you did not apply it to the $200.

Admiral JELLEY. I think that only existed in the war years.

Mr. COCHRANE. We are not allowed to create new obligations after June 30.

Mr. SHEPPARD. Of course, it is a rather small sum to become vitally interested in, as compared to the total of the budget, but it is sometimes intriguing to see what happens to those few nickels.

Mr. Fernandez, do you have any questions?

OTHER SERVICE SUPPORT

Mr. FERNANDEZ. Under item 7–G, "Other service support," you have a very large increase. If you went into that I missed it.

Admiral JELLEY. That is itemized on page 19–70.

Mr. FERNANDEZ. Would you tell us a little something about that, if you have not done so already?

Admiral JELLEY. The increase was due to two items; training films at $90,000, which was previously budgeted for and furnished by the Bureau of Aeronautics, which will provide 10 films for the training of our Seabee enlisted men, both Regular and Reserve; and the second item of the Bureau of Manual Project.

Mr. FERNANDEZ. Tell us a little more about the training films. What is the purpose of those?

Admiral JELLEY. We have a list here. Will you explain that, Captain Drustrup?

Captain DRUSTRUP. The training films are principally for instruction of enlisted personnel, and also for the civil engineer corps officers. Typical films are on water purification. For instance, here is one illustrating the dyatomite filter type of unit. Another illustrates a thermal compression distillation unit. They are purely for training purposes.

Mr. FERNANDEZ. That item takes $90,000?

Captain DRUSTRUP. There are a number of these.

Admiral JELLEY. There are 10.

Captain DRUSTRUP. We have 10 approved right now, plus 4 more that are in process

Mr FERNANDEZ. The total of them amounts to $90,000?

Captain DRUSTRUP. Yes, sir.

BUREAU OF MANUAL PROJECT

Mr. FERNANDEZ. The next largest one in that list is the Bureau of Manual Project?

Admiral JELLEY. Yes, sir.

Mr. FERNANDEZ. Which shows an increase from $218,000 to $535,595?

Admiral JELLEY. That was the item I covered a few minutes ago. These are technical publications for use of field stations. Mr. Cochrane has a number of the typical manuals in his hand; which would indicate the type of material we are talking about. Will you read out the titles?

Mr. COCHRANE. They are [indicating]: Atomic Warefare Defense, the Seabee Role Overseas, United States Navy Automotive Maintenance, Chemical Warfare Defense, Report on Marine Borers and

Fouling Organisms, Fifty-six Important Harbors and Tabular Summaries of Marine Borer Data.

Mr. FERNANDEZ. I notice that some of them are very thick volumes. Does anybody ever read them?

Admiral JELLEY. That last one is a reference book. It has conditions at 56 naval stations. If you have any design to do at that station, you would turn to that particular harbor and find out the conditions existing there, and know what precautions you have to take in construction. Some of them will be reference books peculiar to naval activities. Others will be of general information.

Mr. FERNANDEZ. What is it that requires so much more for 1953?

Admiral JELLEY. We are accelerating, Mr. Fernandez. We have been working on this since 1946. Our production to date has been very limited. We have accelerated during the last year, and we are trying to get it finished by the end of 1953.

As I said previously, we really felt the lack of these technical publications in this large construction program, when it came along.

Mr. FERNANDEZ. In other words, some of these volumes, once they have been compiled, will not have to be kept up?

Admiral JELLEY. Tha is right.

Mr. FERNANDEZ. That it all.

FEDERAL INSURANCE COMPENSATION ACT

Mr. SHEPPARD. I have one more question on the last item, 7J, "Federal Insurance Compensation Act." That is $8,253 as compared to $7,552. That is a mandatory function over which you have no control, and you have to put in the amount of money which is required and falls within that category, is that right?

Admiral JELLEY. Yes, sir.

NUMBER OF EMPLOYEES

Mr. WIGGLESWORTH. How many people do you actually have on board right now?

Admiral JELLEY. Under Civil Engineering, Mr. Wigglesworth?

Mr. WIGGLESWORTH. Departmental.

Mr. COCHRANE. 720.

Admiral JELLEY. 720.

INCREASE IN DEPARTMENTAL SALARIES

Mr. WIGGLESWORTH. Each one of your divisions listed on page 19–59 shows some increase. That goes for the Office of the Chief, Administrative Management, Business Management, Operations, and Plans and Research. Why is there an increase reflected departmentally when your field forces are decreasing about 7 percent?

Admiral JELLEY. Mostly it is because of the difficulty of recruiting this type of personnel. We have no trouble at all when it comes to hiring the clerks, typists, and stenographers; but when it comes to hiring a fire protection engineer, sanitary engineer, specification writers, designers, and so on, it is a slow recruiting process. We are always behind in the number on board as against the number authorized.

Now, with this imposed ceiling, we are just getting closer and closer

to that ceiling. You see, our personnel ceiling is 790. It will be 790 all through 1953. We will just gradually push up against that 790. We figure that the 769 is the highest possible number of man-years possible.

Mr. WIGGLESWORTH. You do not feel you have to reach that ceiling if you do not need to, do you?

Admiral JELLEY. We have had the need for these personnel ever since Korea. Some of them we have not gotten yet.

PUBLIC WORKS

Mr. WIGGLESWORTH. To what extent is the 1953 public works program reflected in this personnel?

Admiral JELLEY. Not at all. This is civil engineering money and has nothing to do with the public works money. This is related only to these items.

Mr. WIGGLESWORTH. You do not have supervisory functions there of any kind?

Admiral JELLEY. It is charged to a different appropriation, the public works appropriation. These people are the people who are charged to "Civil engineering." Their function depends on the procurement, on the money appropriated to the Navy as a whole for maintenance and operation. The public works people are charged to the public works appropriation.

MILITARY PERSONNEL

Mr. WIGGLESWORTH. How many military personnel were there in this Bureau in 1952?

Mr. COCHRANE. We do not pay for any military personnel in this appropriation.

Mr. WIGGLESWORTH. But you have some people working for you.

Admiral JELLEY. It is 94, some of whom are on public works functions.

Mr. WIGGLESWORTH. Ninety-four right now?

Admiral JELLEY. Ninety-four on board in Washington.

Mr. WIGGLESWORTH. How many do you contemplate in 1953?

Admiral JELLEY. The same number.

Mr. WIGGLESWORTH. The same number. How about the field?

Admiral JELLEY. The total number of civil engineering officers on active duty now is in the neighborhood of about 1,600. Some of those are attached to Seabee battalions; some of them are district public works officers. They are assigned to every naval station as public works officers.

Mr. WIGGLESWORTH. Is there any enlisted personnel?

Admiral JELLEY. The Seabees are enlisted personnel. There were 12,000 of them.

Mr. WIGGLESWORTH. That is all?

Admiral JELLEY. That is all we have.

Mr. WIGGLESWORTH. There are no enlisted men working in office jobs?

Admiral JELLEY. We have a small number of enlisted men in the Bureau in Washington, men and women.

Mr. COCHRANE. 16.

Admiral JELLEY. 16?

Mr. COCHRANE. Yes, sir.

Admiral JELLEY. They are in spots where security or some condition requires the use of uniformed personnel rather than civilian personnel.

Mr. WIGGLESWORTH. You expect 1,600 in 1953, also in the field?

Admiral JELLEY. The enlisted personnel are in the Bureau; 16 of them.

Mr. WIGGLESWORTH. Yes, but you said you had 1,600 in the field.

Admiral JELLEY. Yes, sir. We expect our officer ceiling to be the same.

Mr. WIGGLESWORTH. There are no enlisted men in the field, except the Seabee units?

Admiral JELLEY. That is right.

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

DEPARTMENT ADMINISTRATION PERCENTAGE

Mr. SHEPPARD. All right. I have one final question. I would like to have you tell us the complete amount of money which you had appropriated for disbursal of any type for your Bureau in the year 1951.

Mr. MORRISON. In 1951, Mr. Sheppard, it was $625,847,000.

Mr. SHEPPARD. All right. What was the percentage that it cost you to operate or administer that amount of money?

Mr. MORRISON. Taking the departmental appropriation as applying to both appropriations, "Civil engineering" and "Public works," it is eight-tenths of 1 percent.

Mr. SHEPPARD. Now, I repeat the same question for the year of 1952.

Mr. MORRISON. The appropriation for 1952, both "Civil engineering" and "Public works," is $1,068,145,000. The percentage of the departmental appropriation, as applied to that, is sixty-five one-hundredths of 1 percent.

Mr. SHEPPARD. I repeat the question as to your estimates for 1953, if and when you get the money.

Mr. MORRISON. For 1953, Mr. Sheppard, I would have to estimate a public-works figure. I would tentatively use a figure of $500 million as the proposed public-works bill. That would represent an estimated appropriation of $722,800,000. The percentage of our departmental administration for that amount would be ninety-seven one-hundredths of 1 percent.

STUDENT ADMINISTRATION COSTS

Mr. SHEPPARD. Now I would like for you to give me an analysis of a percentage cost estimate which was referred to during the testimony, in which it was stated that they were figuring 10 percent for administration cost for the students you were going to have.

Mr. MORRISON. What was meant by administrative costs in that case was the cost of travel, the cost of office supplies, and the general cost of logistic support to support those students during their training period. It was more or less of a service support rather than an administrative cost.

Mr. SHEPPARD. Then if it were analyzed upon the same premise on which we have just analyzed the total appropriations for 1951, 1952,

and 1953, with the percentages arrived at, do you figure it would give an over-all break on the total which would bring you back into the comparable percentage category to which you have referred?

Mr. MORRISON. I think that is true; yes, sir.

Admiral JELLEY. I would like to make an observation in that regard, Mr. Sheppard.

Mr. SHEPPARD. Very well.

Admiral JELLEY. Overhead is one thing which has concerned me very much since I have been on duty in Washington. I have tried hard to find some way of comparing our operations, or the Navy operations, with civilian institutions. It is very hard to find.

For example, we can compare our safety record, our fire-experience record, and things like that, and they are all very favorable. But when it comes to an overhead percentage, it is rather difficult. We are making a start on that. I think in a few years we will do better.

There is a growing movement in the industry to segregate maintenance costs in the mill or in the factory. Some of our officers are participating in these studies.

About 3 years ago I tried to do just what you are thinking about. What is the overhead for maintenance? I went out not on a dollar basis, but a per capita basis. This was pre-Korea. At that time the figures were something like this: we had 36,000 people Navy-wide engaged in the repair and maintenance of buildings, structures, and trucks. For those 36,000 productive workers we had 4,000 white-collar people at the station level, clerks, accountants, engineers, and so forth, or about one-ninth. It was 11 percent overhead in that case. We had about 1,600 people in the district offices, which roughly was about 4 percent of the 40,000 people at the station level. We had about 800 people over-all in the Bureau, which was about 2 percent of that 40,000 on the station level.

When you look at the Public Works alone, that give you a different set of figures. Dollarwise we only run about a half of 1 percent overhead in Washington. We run about 2 percent in the field.

Mr. SHEPPARD. Of course, you are approaching it from a more defined detail concept than I am. In other words, what I am doing here, frankly, is drawing a parallel on what I call the efficiency of administration functions on a dollar premise. I was particularly interested in the contributions that go to make up the total.

Admiral JELLEY. Yes, sir.

Mr. SHEPPARD. In other words, you handle $1 million. How much of an administrative percentage does it cost you to administer that $1 million, by distribution in any manner? That is the premise upon which I am using a yardstick against your back, as it were, and against the back of private industry.

Have you taken a look at private industry and compared them upon that premise with your own operation?

Admiral JELLEY. No, sir.

Mr. SHEPPARD. You ought to do that.

Admiral JELLEY. I agree with you. I will be very much interested to see the Navy-wide figures you are developing.

Mr. SHEPPARD. While I am on the point, Mr. Comptroller, I would like to have you secure for me through the respective agencies, if you will, the total figure of the assets of the Navy, the Army, the

Air Force, all in their respective categories. In other words, you have fixed assets, and you have guns and ammunition, and in some instances you have horses, mules, et cetera. Whatever it may be, somewhere in your accounting system you should be able to arrive at the assets of the Navy.

Admiral CLEXTON. Yes, sir.

Mr. SHEPPARD. You have so many items. You know what they cost.

Admiral CLEXTON. Yes, sir.

Mr. SHEPPARD. I know that will be a little bit of a job, but I would like to have it before we go to the floor with the bill, if it is possible to get it.

Admiral CLEXTON. We have ours; and the Army and Navy were calculating theirs for the committee. I will get theirs from them.

Mr. SHEPPARD. If you will, please. I would like to have them submitted so that we can have them available.

Admiral CLEXTON. Would you like to have them in the record?

Mr. SHEPPARD. Not necessarily. At the time you give us those assets they should be broken down departmentally, meaning by that the United States Navy in one category, the United States Army in another, et cetera.

Admiral CLEXTON. Yes, sir.

Mr. SHEPPARD. I just want to know what your total assets may be in the military category, covering all the assets; land, equipment, and appurtenances thereto.

Gentlemen, thank you very much for your appearance. We will excuse you now. You have responded to our inquiries. What the ultimate decision may be that this committee will come to, of course, is something I am in no position to advise you at this time, but we do appreciate the manner in which you have responded to the inquiries. Thank you very much.

Admiral JELLEY. Thank you, sir.

FISCAL YEAR 1952 APPROPRIATION REALIGNED TO CONFORM TO FISCAL YEAR 1953 BUDGET SUBMISSION STATUS OF APPROPRIATION, CIVIL ENGINEERING, NAVY, AS OF 31 DEC. 1951

Budget Activity No.	Budget activity title	Amounts appropriated	Obligations and commitments	Balance available	Expenditures	Unexpended balance
I.	Engineering Services	$19,457,000	$8,004,121.25	$11,452,878.75	$6,787,461.65	$12,669,538.35
II.	Industrial Mobilization	455,000	217,395.44	237,604.56	136,772.54	318,227.46
III.	Maintenance and Operation of Shore Establishments	100,812,980	57,205,792.04	43,607,187.96	28,195,272.51	72,617,707.49
IV.	Special Procurement	45,693,720	33,870,430.39	11,823,289.61	486,487.65	45,207,232.35
V.	Construction Battalion Support	23,244,000	20,983,015.70	2,260,984.30	985,929.18	22,258,070.82
VI.	Research and Development	1,949,000	1,492,085.26	456,914.74	142,143.63	1,806,856.37
VII.	Departmental Administration	4,876,300	2,255,377.63	2,620,922.37	2,072,032.98	2,804,267.02
	Totals	196,488,000	[1]124,028,217.71	72,459,782.29	38,806,100.14	157,681,899.86

[1] NOTE.—Excludes $4,762,320.65 reimbursements realized through 31 Dec. 1951:

Procurement obligations and commitments	$61,140,368.37	Expenditures	$1,141,487.65
Maintenance and operation obligations and commitments	62,887,849.34	Expenditures	37,664,612.49
Total	124,028,317.71		38,806,100.14

WEDNESDAY, MARCH 26, 1952.

RESEARCH, NAVY

WITNESSES

REAR ADM. CALVIN M. BOLSTER, UNITED STATES NAVY, CHIEF OF NAVAL RESEARCH
CAPT. CLIFTON B. GRIMES, UNITED STATES NAVY, DEPUTY AND ASSISTANT CHIEF OF NAVAL RESEARCH
DR. EMANUEL R. PIORE, DEPUTY CHIEF OF NAVAL RESEARCH AND CHIEF SCIENTIST
WILLIAM E. EDWARDS, COMPTROLLER
CAPT. FREDERICK R. FURTH, UNITED STATES NAVY, DIRECTOR, NAVAL RESEARCH LABORATORY
CAPT. THOMAS B. HALEY, UNITED STATES NAVY, DIRECTOR, SPECIAL DEVICES CENTER, SANDS POINT, N. Y.
RAYMOND F. HOSSFELD, DIRECTOR FOR PATENTS
CAPT. N. LUCKER, UNITED STATES NAVY, ASSISTANT CHIEF OF NAVAL RESEARCH

REAR ADM. EDWARD W. CLEXTON, UNITED STATES NAVY, ASSISTANT COMPTROLLER, DIRECTOR OF BUDGET AND REPORTS

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate	$75,168,000	$69,698,000	$75,700,000
Transferred from "Emergency fund, Department of Defense":			
Pursuant to Public Law 843	6,655,000		
Pursuant to Public Law 179		300,000	
Adjusted appropriation or estimate	81,823,000	69,998,000	75,700,000
Prior year balance available		827,661	
Reimbursements from other accounts	8,330,000	10,920,000	11,928,000
Total available for obligation	90,153,000	81,745,661	87,628,000
Balance available in subsequent year	−827,661		
Obligations incurred	89,325,339	81,745,661	87,628,000
Comparative transfer from—			
"Ordnance and facilities, Navy"	350,000	360,000	
"Service-wide operations, Navy"	18,826		
"Ships and facilities, Navy"	841,506	915,000	
Total obligations	90,535,671	83,020,661	87,628,000

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
Direct Obligations			
1. Research and development	$65, 658, 648	$53, 295, 661	$55, 500, 00
2. Maintenance and operation of research facilities	12, 039, 718	12, 707, 000	13, 300, 00
3. Installation and maintenance of special devices	2, 171, 311	2, 768, 000	3, 385, 00
4. Patents	395, 282	700, 000	795, 00
5. Departmental administration	1, 940, 712	2, 630, 000	2, 720, 00
Total direct obligations	82, 205, 671	72, 100, 661	75, 700, 00
Obligations Payable Out of Reimbursements from Other Accounts			
1. Research and development	8, 270, 000	10, 850, 000	11, 858, 00
2. Maintenance and operation of research facilities	55, 000	70, 000	70, 00
3. Installation and maintenance of special devices	4, 236		
5. Departmental administration	764		
Total obligations payable out of reimbursements from other accounts	8, 330, 000	10, 920, 000	11, 928, 00
Total obligations	90, 535, 671	83, 020, 661	87, 628, 00

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Summary of Personal Services			
Total number of permanent positions	5,030	5,545	5,596
Full-time equivalent of all other positions	23	34	42
Average number of all employees	4,482	5,087	5,293
Deduct number paid from project order funds	11	11	11
Average number of employees paid from 01 personal services	4,471	5,076	5,282
Average salaries and grades:			
General schedule grades:			
Average salary	$4,625	$5,077	$5,072
Average grade	GS-7.7	GS-7.7	GS-7.7
Crafts, protective, and custodial grades:			
Average salary	$2,864	$3,181	$3,176
Average grade	CPC-4.9	CPC-4.9	CPC-4.9
Ungraded positions: Average salary	$3,521	$3,631	$3,631
Personal service obligations:			
Permanent positions	18,987,063	23,463,000	24,384,640
Part-time and temporary positions	105,250	143,000	180,000
Regular pay in excess of 52-week base		90,000	93,000
Payment above basic rates	862,796	824,000	789,000
Total personal service obligations	19,955,109	24,520,000	25,446,640
Deduct amounts financed from project orders charged to object class 07	48,674	53,000	53,000
Net personal service obligations	19,906,435	24,467,000	25,393,640
Direct Obligations			
01 Personal services	16,114,932	19,412,000	20,083,640
02 Travel	478,255	669,000	736,000
03 Transportation of things	44,000	48,000	48,000
04 Communication services	79,209	106,300	116,300
05 Rents and utility services	178,803	254,000	282,000
06 Printing and reproduction	127,873	139,000	159,000
07 Other contractual services	57,090,076	42,512,661	45,106,360
Services performed by other agencies	655,355	1,250,000	1,235,000
08 Supplies and materials	6,389,842	6,948,000	7,064,000
09 Equipment	998,918	724,400	817,400
15 Taxes and assessments	48,408	37,300	52,300
Total direct obligations	82,205,671	72,100,661	75,700,000
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	3,791,503	5,055,000	5,310,000
02 Travel	175,177	305,000	355,000
04 Communication services	10,557	10,000	10,000
05 Rents and utility services	13,489	20,000	20,000
07 Other contractual services	290,000	250,000	295,000
Services performed by other agencies	5,000	10,000	15,000
08 Supplies and materials	4,044,274	5,270,000	5,923,000
Total obligations payable out of reimbursements from other accounts	8,330,000	10,920,000	11,928,000
Total obligations	90,535,671	83,020,661	87,628,000

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06 Printing and reproduction	127,873	139,000	159,000
07 Other contractual services	57,090,076	42,512,661	45,106,360
Services performed by other agencies	655,355	1,250,000	1,235,000
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02 Travel	175,177	305,000	355,000
04 Communication services	10,557	10,000	10,000
05 Rents and utility services	13,489	20,000	20,000
07 Other contractual services	290,000	250,000	295,000
Services performed by other agencies	5,000	10,000	15,000
08 Supplies and materials	4,044,274	5,270,000	5,923,000
Total obligations payable out of reimbursements from other accounts	8,330,000	10,920,000	11,928,000
Total obligations	90,535,671	83,020,661	87,628,000

Mr. SHEPPARD. Gentlemen, the committee will come to order. We are about to review the estimates for the Office of Naval Research.

We have with us Admiral Calvin M. Bolster and his associates.

Your request this year is reflected in our justification as being, for 1953, $75,700,000. In 1952 it was $72,100,661. That reflects an increase in your total requirements as presented at this time of $3,599,339.

Admiral, do you have a general statement you wish to present?

Admiral BOLSTER. I do, Mr. Chairman.

Mr. SHEPPARD. Unless there is objection upon the part of any of my colleagues, we will insert the statement in the record and ask him to high light that statement, and give us what he considers to be the most important factors of it. That is not to say that it is not all important, for it is, but it will assist the committee if you will pursue that course.

We shall insert the general statement in the record at this point.

(The statement is as follows:)

It is a pleasure to report on the accomplishments of the Office of Naval Research during the past year and to present the plans of this Office for the coming year as represented by our budget submission.

In general, the efforts of the Office of Naval Research, all of which are Navy-wide in character, can be divided into three major areas; namely, (*a*) the administration of patent matters, (*b*) the development of training equipment, and (*c*) the conduct of research.

Considering first the patent work. The primary objectives of this activity are: first, to secure and to protect the Government's rights in connection with patents stemming from Navy-sponsored research or development, with substantial monetary savings resulting therefrom; and, second, to safeguard the Government's interests in cases of alleged Navy infringement of privately owned patents. For the past 5 years invention disclosures for patent action have been received from naval personnel and contractors at the rate of approximately 1,400 per year. During the last 18 months, to protect the Navy in the use of these inventions, over 500 patent applications were filed, 2,900 amendments prepared, and 900 patents obtained. In each of these cases the Navy will acquire for the Government the use of the new inventions without having to pay a royalty or license fee. During this same period some 67 infringement claims have been lodged against the Navy. Investigations completed to date have resulted in the rejection of 29 as unjustified and the settlement of 16 others. Experience has consistently shown that the savings through these actions have been substantial.

The second major effort of the Office of Naval Research is the development of training equipment for the training agencies of the Department of the Navy. These are the agencies responsible for training in flight operations, sea operations, individual personnel instruction, medical techniques, and Marine Corps operations. Typical trainers developed under this effort consist of flight simulators which replace and supplant certain phases of pilot and aircraft crew training, surface and submarine operational training devices, target generators which simulate sonar and radar presentations, fire control and air-defense equipments and amphibious landing trainers. The objective of all of these equipments is to provide authentic simulation of operational situations and maneuvers which enables the crews being trained to undergo repeated practice without actually requiring the cost or the hazard of the operation of full-scale equipment. Evaluators which can score and guide in the progress of the training are frequently included in these equipments which contribute greatly to the operational readiness of fleet personnel. The funds requested will permit the continued development of such training equipment to meet the requirements of the training agencies. A reduction in the development of aviation trainng equipment is planned consistent with the expected changes in delivery and availability of new types of aircraft.

The third and largest of the programs of the Office of Naval Research is in the field of research itself. This program is conducted by two methods; first, by contract with universities, industrial laboratories, and nonprofit research institutions, and second, by actual performance of the work within naval and other Government laboratories. In general, research work is performed in the location best qualified to do the work or in the location where it can be most economically and efficiently conducted with due regard to all the factors involved. The objectives of this program are to seek new knowledge and physical principles from which improved or new weapons, equipment or techniques may evolve, and to perform for the Navy the important supporting research work which is so necessary if real progress is to be made in the development of such weapons, equipment, or techniques. The material bureaus of the Navy are concerned primarily with the development of end items such as aircraft, guided missiles, surface ships, submarines, and ordnance, including the many items of equipment and components required to permit them to function saisfactorily. All of the bureaus need supporting research of various kinds, and the Chief of Naval Operations requires scientific services in the evaluation of new equipment, techniques, and weapon systems. The Office of Naval Research meets this need by conducting research in scientific fields such as hydrodynamics, oceanography, physics, chemistry, metallurgy, and biology; in engineering fields such as electronics, electricity, power, underwater sound, and aeronautics; and in work on critical areas of naval warfare such as antisubmarine warfare and mine warfare. This broad supporting research effort provides a very important technological know-how so necessary for the solution of many of the Navy's difficult problems. It also tends to solve them on an across-the-board basis since in matters of this nature many of the principles are common to all bureau needs.

By establishment and actual proof, through research, of entirely new physical principles such as in power, radio, radar, or sonar propagation, the Office of Naval Research has been able to aid the material bureaus to develop service equipments with confidence based on otherwise unproven factors. Certain portions of this work can be most economically and most effectively accomplished by contract. Other portions, particularly those which require extensive naval experience and background, can best be carried out in our own laboratories. The greater part of the work to be performed in naval laboratories covered by this budget is performed in the Naval Research Laboratory. The Office of Naval Research is also charged with the responsibility of supporting the joint Army-Navy-Air Force projects now being conducted with a number of our larger universities. Contained in this budget are also funds to finance consulting and evaluation services to the Chief of Naval Operations and to the Navy, such as the Operations Evaluation Group. All of the research carried out by the Office of Naval Research either by contract or in Government laboratories and all of the training device development projects are coordinated with the other research and development programs of the Navy Department through the project reviews conducted by the Navy Department Research and Development Review Board. This is a permanent review board functioning under the Chief of Naval Operations with membership comprising the Chief of Naval Research and appropriate officers from the Office of the Chief of Naval Operations.

Coordination and review of work with that being performed by the other departments is carried out by the appropriate panels and committees of the Research and Development Board. Technical coordination and interchange of technical information concerning work in progress, both among the various segments of the Navy Department and with the personnel of the other departments, is accomplished by extensive interchange of project data and progress reports but is most effectively carried out through intimate association at the working level by the people conducting the programs. The Office of Naval Research sponsors frequent symposia for the purpose of rapid interchange of information within the Navy and with the other services in order to make possible the maximum progress in each field. The Office of Naval Research also receives important assistance, criticism, and guidance from the Naval Research Advisory Committee, which was established in 1946 by Public Law 588, and which has proven most valuable in guiding our research effort. I would like permission to make the list of the current membership of this advisory committee and certain

other pertinent data a part of the record of these proceedings. In order to give you a clear understanding of our work and of our role as a supporting research agency, I would also like, if practicable, to present a few typical examples of our research work at the conclusion of this statement.

The 1953 estimate for the appropriation "Research, Navy" is $75,700,000, of which $55,500,000 is required for the direct costs of research and development. The obligated and committed amount under the current appropriation as of December 31, 1951, was $45,572,743. This represents 65 percent of the funds appropriated for this appropriation for fiscal year 1952. All of the balance will be obligated by the end of the fiscal year except $150,000 which was appropriated specifically for the then pending move of the departmental office to a new location.

(The matter referred to is as follows:)

NAVAL RESEARCH ADVISORY COMMITTEE

The Naval Research Advisory Committee is appointed by the Secretary of the Navy to consult with and advise the Chief of Naval Operations and the Chief of Naval Research in matters pertaining to research.

They are also to be found as ranking members of and/or advisers and consultants to such activities as the National Research Council; the National Academy of Sciences; the Science Advisory Committee, Office of Defense Mobilization; the Atomic Energy Commission; the Research and Development Board; the Scientific Manpower Advisory Committee, National Security Resources Board; the National Advisory Committee for Aeronautics; and the Interdepartmental Committee on Scientific Research and Development.

Members of the Naval Research Advisory Committee are as follows:

Dr. Leonard Carmichael, president, Tufts College.
Dr. Lowell T. Coggeshall, the division of the biological sciences, the University of Chicago.
Dr. Arthur H. Compton, chancelor, Washington University (Chairman, NRAC).
Dr. Luis de Florez, president, de Florez Engineering Co.
Dr. Hugh L. Dryden, Director, National Advisory Committee for Aeronautics.
Dr. W. V. Houston, president, the Rice Institute.
Dr. J. A. Hutcheson, vice president, Westinghouse Electric Corp. research laboratories.
Dr. A. B. Kinzel, president, Union Carbide and Carbon Research Laboratories, Inc. (Vice Chairman).
Rear Adm. Paul F. Lee (retired), Gibbs & Cox Co.
Dr. Clark B. Millikan, director, Daniel Guggenheim Aeronautical Laboratory, California Institute of Technology.
Dr. W. Albert Noyes, Jr., department of chemistry, the University of Rochester.
Dr. J. R. Oppenheimer, director, the Institute of Advanced Study, Princeton University.
Mr. Lewis L. Strauss, banker.
Dr. H. N. Stephens, director of research, Minnesota Mining & Manufacturing Co.

OFFICE OF NAVAL RESEARCH CONTRACTORS

Nobel prize winners

Name	Affiliation	Field of science
William Francis Giauque	University of California	Chemistry.
Irving Langmuir	Research laboratory, General Electric Co., Schenectady, N. Y.	Do.
G. H. Whipple	University of Rochester	Medicine and physiology.
H. C. Urey	University of Chicago	Chemistry.
Carl D. Anderson	California Institute of Technology	Physics.
Enrico Fermi	University of Chicago	Do.
Isador Isaac Rabi	Columbia University	Do.
James Franck	University of Chicago	Do.
W. M. Stanley	University of California	Biochemistry.

SOME OF THE SCIENTISTS IN THE OFFICE OF NAVAL RESEARCH, UNIVERSITY CONTRACT RESEARCH PROGRAM

AERONAUTICS

Bleakney, W., Princeton University.
Clauser, F. H., Johns Hopkins University.
Lees, L., Princeton University.
Lin, C. C., Massachusetts Institute of Technology.
Millikan, C. B., California Institute of Technology.
Zucrow, M. J., Purdue University.

ARCTIC BIOLOGY

Giddings, James, University of Pennsylvania.
Wilbur, C. G., University of Missouri.
Washburn, A. Lincoln, Arctic Institute of North America.

BIOCHEMISTRY

Brand, Erwin, Columbia University.
Wald, George, Harvard University.
Van Neil, Cornelis, Stanford University.
Ochoa, Severo, New York University.
Hove, E. L., Alabama Polytechnic Institute.

BIOLOGY MARINE

Smith, F. G. W., University of Miami.
Merriman, Danial, Yale University.
Hasler, A. D., University of Wisconsin.
Wilbur, Karl, Duke University.

BIOPHYSICS

Davis, Hallowell, Central Institute for the Deaf.
Hartline, H. Keffer, Johns Hopkins University.
Beadle, George, California Institute of Technology.
Hardy, James, Cornell University.

CHEMISTRY

Eyring, Henry, University of Utah.
Hildebrand, J. H., University of California.
Kistiakowsky, G. B., Harvard University.
Noyes, W. A., Jr., University of Rochester.
Kirkwood, J. G., Yale University.
Fuoss, R. M., Yale University.
Taylor, H. S., Princeton University.
Stubbs, M. F., New Mexico School of Mines.

DENTISTRY

Appleton, J. L. T., University of Pennsylvania.
Becks, Herman, University of California.
Peyton, Floyd A., University of Michigan.

ELECTRONICS

Smith, L. P., Cornell University.
Von Hippel, A. R., Massachusetts Institute of Technology.
Stratton, J. A., Massachusetts Institute of Technology.
Terman, F. E., Stanford University.
Wiesner, J. B., Massachusetts Institute of Technology.
Lark-Harovitz, K., Purdue University.
Townes, C. H., Columbia University.

GEOGRAPHY

James, P. E., Syracuse University
Russell, Richard J., Louisiana State

GEOPHYSICS AND OCEANOGRAPHY

Eckart, C., University of California
Ewing, M., Columbia University
Iselin, C. O'D, Woods Hole Oceanographic Institution
Rossby, C. G., University of Chicago
Tuve, M. A., Carnegie Institute of Washington
Birch, F., Harvard University
Revelle, R. R., Scripps Institute of Oceanography
Workman, E. J., New Mexico School of Mines

HYDRODYNAMICS

Davidson, K. S. M., Experimental Towing Tank, Stevens Institute of Technology
Knapp, R. T., California Institute of Technology
Rouse, H., University of Iowa
Straub, L. G., University of Minnesota
Wislicenus, G. F., Johns Hopkins University
Plesset, M. S., California Institute of Technology

LOGISTICS

Morgenstern, O., Princeton University

MATHEMATICS

Courant, R., New York University
Prager, W., Brown University
Birkhoff, G., Harvard University
Feller, W., Cornell University
Wilks, S. S., Princeton University
Morse, M., Institute for Advanced Study, Princeton
Stone, M. H., University of Chicago
Von Neumann, J., Institute for Advanced Study, Princeton

MECHANICS

Boelter, L. M. K., University of California, Los Angeles
Newmark, N. M., University of Illinois
Timoshenko, S. P., Stanford University
Mindlin, R. D., Columbia University
Goodier, S. N., Stanford University

MEDICINE

Whitehead, R. W., University of Colorado
Coggeshall, R. T., University of Chicago
McCulloch, W. S., University of Illinois
Shumacher, H. H., University of Indiana
Evans, E. I., Medical College of Virginia

METALLURGY

Chipman, J., Massachusetts Institute of Technology
Mehl, R. E., Carnegie Institute of Technology
Smith, C. S., University of Chicago

MICROBIOLOGY

Krueger, A. P., University of California
Reyniers, James, University of Notre Dame
Nungester, Walter, University of Michigan
Sherwood, N. P., University of Kansas
Syverton, J. T., University of Minnesota
Johnson, R. B., University of New Mexico

NUCLEAR PHYSICS

Allison, S. K., University of Chicago
Bainbridge, K. T., Harvard University
Bethe, H., Cornell University
Bloch, F., Stanford University
Brode, R. B., University of California
Kerst, D. W., University of Illinois
Mitchell, A. C., University of Indiana
Lauritsen, C. C., California Institute of Technology
Purcell, E. M., Harvard University
Rossi, B., Massachusetts Institute of Technology
Wheeler, J. A., Princeton University
Zacharias, J. R., Massachusetts Institute of Technology
Fermi, E., University of Chicago
Rabi, I. I., Columbia University
Williams, J. H., University of Minnesota

PERSONNEL TRAINING

Guilford, J. P., University of Southern California
McNemar, Quinn, Stanford University
Stuit, D. B., University of Iowa
Thorndike, R. L., Columbia University Teachers College
Hilgard, E. R., Stanford University

PHYSICS

O'Brien, B., Rochester University
Nielson, H., Ohio State University
Spitzer, L., Princeton University
Wilson, E. B., Jr., Harvard University
Hill, A. G., Massachusetts Institute of Technology
Seitz, F., University of Illinois
Pepinsky, R., Penn State
Ziegler, W. T., Georgia Institute of Technology
Mullikin, R. S., Chicago University
Cross, P. C., University of Washington
Guth, E., Notre Dame
Strong, J. D., Johns Hopkins University
Grosse, A. V., Temple University
Herzfeld, K. D., Catholic University
Epstein, P. S., California Institute of Technology
Cady, W. G., California Institute of Technology
Lindsay, R. B., Brown University
Bolt, R. N., Massachusetts Institute of Technology
Smoluchowski, R., Carnegie Institute of Technology

PHYSIOLOGY

Bonner, J., California Institute of Technology
Fenn, Wallace O., University of Rochester
Hoagland, Hudson, Worcester Foundation
Gerard, R. W., University of Chicago
Warren, J. V., Emory University
Davenport, Horace, University of Utah

PSYCHOPHYSIOLOGY

Carmichael, Leonard, Tufts College
Geldard, Frank, University of Virginia
Graham, C. H., Columbia University
Mann, C. W., Tulane University
Stevens, S. S., Harvard University

Mr. SHEPPARD. Please make your presentation as to the portions of your statement which you consider are the most pertinent.

GENERAL STATEMENT

Admiral BOLSTER. Mr. Chairman, the activities of the Office of Naval Research are divided into three general areas. The first is the responsibility for the Navy for the administration of all patent matters. The second has to do with the responsibility to the training agencies of the Navy for the development of special training equipment. The third is the responsibility, as provided in our public law, for the conduct of research.

First, with regard to our responsibility as to patent matters, two distinct jobs are actually involved. The first is to protect the Navy by securing patents on inventions coming out of our own laboratories, or coming out of contracts. In the latter case, however, we only pursue the patent if the contractor himself does not see fit to do so.

The second job is to safeguard the Navy in the case of patent infringement cases. We are the people who appear and defend the Navy's position on patent infringement.

DEVELOPING TRAINING EQUIPMENT

Our second responsibility is that of developing training equipment for the training agencies of the Navy. I might point out the fact that these training agencies are defined by the Secretary of the Navy and have to do with flight operations, sea operations, the personnel training operations of the Bureau of Personnel, medical training, and Marine Corps training. The activity which does this for us is the Special Devices Center. The Center develops training devices and equipment which simulates the actual operating procedures and the actual operating equipment, in a way that permits the student or the officer or the crew being trained to do the actual functions of the operation just as if he were actually flying the airplane or launching the missile or operating the submarine. The potential savings, both in the money, increased safety, and time, I believe are all evident in this type of work.

I would like to point out that in connection with the funds being requested for 1953 in the field of training we have reduced the amount by $1 million between 1952 and 1953. The amount of money being assigned in this area for development is $1 million less than 1952. That is primarily because our flight training equipment is geared to the aircraft program, and there has been a slowing down in the availability of new types aircraft. This means that the date of availability and the number of trainers we have to develop in fiscal 1953 is substantially reduced, so we have slowed that program down.

CONDUCT OF RESEARCH

The third and largest responsibility we have is the responsibility for the conduct of reserach. This work is done in two ways. First by contract with outside laboratories. These may be industrial firms; they may be activities such as universities; or they may be other types of laboratories. Our whole idea is to get the particular job done in

the most efficient and best place we can find to do it. The second way that our research is performed is of course in Government laboratories. We have, as one of our field activities, the Naval Research Laboratory, which is an old and very distinguished laboratory, some 27 years old.

The larger part of our research in Government laboratories is done at the Naval Research Laboratory. We also have other things done at other laboratories, again going to the place that is most qualified to do the work.

Now, our responsibility for providing research is essentially that of providing scientific support for the Navy Department. I like to consider that we are a service organization.

By law we are supposed to provide research in support of the Bureau programs. Now, it will be clear to you that there are many broad areas that contribute to all the Bureaus. In general, we consider that these areas are in three groups. One would be what you might call the scientific level, where we are actually exploring and looking into things such as oceanagraphic work, or hydrodynamics or physics or metallurgy. The second area, we consider, is more of an engineering area, and would be essentially in such fields as electronics, electricity, power, sonar, and other fields where we actually are building equipments and trying out new physical principles.

AREAS OF RESEARCH

Another area which is Navy-wide-in scope is the responsibility for coordinating the work in major warfare areas of research. For example, in antisubmarine warfare, we look at it, from a warfare point of view, and tying together the ariplane or the helicopter to the ship from which it must be operated, which would be the Bureau of Ships, and the torpedo which it must carry, which would be the Bureau of Ordnance, and tying together and developing systems which will permit this over-all warfare method to operate.

The two most important warfare areas we are concentrating on, or which we consider the most important, are antisubmarine warfare and mine warfare, although we also are involved in the general problems of air warfare, particularly air defense and in the field of amphibious warfare.

In carrying out our work both by contract and in our laboratories, our office has the unique position in the Navy of being able to prove new principles to the Bureaus by demonstration.

This permits us to do the unusual or forward-looking thing without being worried about meeting the completion date of a ship or the actual specifications that come out of military equipment.

Now, I would like to make the point clear that it is through those means that we feel the Navy is best able to make progress.

As an example of this would be one that I gave you last year, and I think I ought to report the progress on it. I think this would have to be off the record, sir.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

TRANSFERS IN THE ESTIMATES

Mr. SHEPPARD. I call your attention to page 196 of the bill, and specifically to the last four lines, and I quote:

Includes $1,275,000 for activities previously carried under appropriations as follows: Ordnance, Navy facilities, $360,000; Ships and facilities, Navy, $915,000.

Will you kindly explain that operation?

Mr. EDWARDS. Those are comparability transfers. They involve two transfers, one from the appropriation "Ordnance and facilities, Navy," and the other from "Ships and facilities, Navy."

The one from Ordnance covers overhead at BuOrd activities which they paid in 1951 and 1952 and prior years. In 1953, due to a change in their system, we are going to pay it. It does not involve any increase or decrease in the budget. It is merely a shift from their appropriation to ours in 1953.

The other one is for overhead at BuShips activities and for electronic materials previously purchased and issued to the Office of Naval Research for its work via the Bureau of Ships. Starting in 1953 the Office of Naval Research will pay for those materials that it requisitions from BuShips. Previously we did not pay for them.

GENERAL STATEMENT ON THE APPROPRIATION

Mr. SHEPPARD. We will insert the subject matter contained on 20-2 of the justifications.

(The page referred to is as follows:)

Successful development of weapons and equipment for naval use requires continued and determined research of many types and in many varied fields. This is because the weapons themselves must meet a wide variety of operational missions. Naval aircraft missions include the relatively low speed, low-altitude search and attack capabilities of antisubmarine warfare; the high altitude, high-speed detection, interception and destruction of enemy aircraft; and such other problems as aerial mine laying, patrol, convoy protection, and amphibious air cover. The missions of our surface craft and undersea craft also vary greatly and again include a number of different operational requirements. Coupled with these widely varying missions is the inherent naval problem posed by the sea and the environmental conditions above it and beneath its surface. These combine into the over-all problem of satisfactorily developing weapons and equipment to operate aboard surface ships and submarines, in all kinds of temperature and weather, and under the peculiar conditions posed by the operational medium itself.

In general, the research and development programs carried out by the material bureaus are designed to meet functional requirements, such as an aircraft program, a ship program, or an ordnance program. In conducting the broad supporting research work for the Navy, the Office of Naval Research provides the link which ties these various functional programs together. This is accomplished through the conduct of supporting research in the fundamental sciences, in such fields of common interest as metallurgy, electronics, chemistry, acoustics, and power; and through the monitorship of research in broad fields of warfare such as antisubmarine warfare, mine warfare, amphibious warfare, and air warfare. The Office of Naval Research is able, through this broad over-all familiarity with the warfare objectives of the Chief of Naval Operations and the detailed development problems of the bureaus, to provide the necessary supporting work which permits the timely solution of the many difficult problems faced by the bureaus in their development problems, in the development of weapon systems which will most effectively meet the requirements of the Chief of Naval Operations and in the work so essential to the long-range availability of new principles and techniques.

Research and Development

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $92,073,733.

Mr. Sheppard. I refer to page 20–5, "Research and development." It is composed of four sets of project activities.

Your total request for 1953 is $55,500,000; in 1952, $53,295,661.

I wish that you would briefly present your justification and explanation that falls within the category of expenditure of $37,807,000 for project 1A, "Contract research program." That is an increase over your 1952 estimate, which was $34,530,661.

Admiral Bolster. Before doing that, in the fiscal year 1952 for total research and development obligations, $53,295,661, we had as of December 31 obligated $31,400,000, or 60.7 percent of our fiscal year 1952 funds.

Referring directly to the first project, "the contract research program" for 1952, totaling $34,530,000, we have, as of December 31, obligated $18,800,000, or 54.4 percent.

The estimates for our contract research program of $37,807,000 covers all the work done in the various areas that are the responsibility of the Office of Naval Research.

The essential reason for an increase is because of the increased activity in the field of mine warfare, antisubmarine warfare, and air defense.

(Discussion off the record.)

We are also doing a lot of work on transistors and moving target indicators.

CONTRACT RESEARCH

Mr. Sheppard. I assume from the descriptive subject matter that is referred to here in the contract research program that it is not one program as such, but represents a type of program that you are contracting for, and is composed of a series of contracts?

Admiral Bolster. Very many contracts of many types and sizes. Some of them are very small and modest and some are very expensive.

Mr. Sheppard. Can you tell me how many contracts you have in existence that you are going to spend this $37,807,000 for in 1953?

Admiral Bolster. In 1953 we estimate that we will have about 1,500 or 1,600 individual contracts or tasks.

Mr. Sheppard. How many contracts did you have or do you have under 1952 appropriations?

Admiral Bolster. Well, it would probably be somewhat less, but not materially. I would say that the increase is not due to any sizable increase in the number of projects, but rather to the fact that some of the projects, for example, the one I described to you, are quite expensive and will be more so in 1953, about $1,000,000.

Mr Sheppard. Here is what I am trying to do: The committee has been listening to your justifications for a period of years and is fairly familiar with your work. I know that you could well perhaps spend the entire sum on one contract. It could be done within the field.

OPERATIONAL EVALUATION GROUP

Admiral BOLSTER. I would like to say that we do have within this budget a number of Navy-wide responsibilities that are reflected here. We pay for the services of the operational evaluation group, which is an advisory group that serves the Chief of Naval Operations. It does not serve us.

We also have the responsibility under the Secretary of the Navy for participation in what is known as joint projects. As you probably know, we have a large joint Army, Navy, Air Force program at MIT. Our office pays that bill.

Mr. SHEPPARD. The whole bill?

Admiral BOLSTER. Yes, for the Navy.

We also have this job for all the joint projects. There are not too many of them at the present time.

Mr. SHEPPARD. In other words, you are paying Navy's share of the so-called combination contracts or projects?

Admiral BOLSTER. Yes; they are not necessarily our contracts. With regard to the air-defense projects, the Air Force has the main contract, but we have to pay the Navy's share, which is $2,000,000. They are doing work for all the services.

Mr. SHEPPARD. This is a participating operation to which you are contributing?

Admiral BOLSTER. The Secretary decides that our office might as well budget for the whole thing and in this budget we have included that type of project.

Mr. SHEPPARD. You referred a moment ago to another operation in which you paid the entire bill, as I understood it, and yet these functions do not fall within the field of your operation?

Admiral BOLSTER. I think they do, but they are not a part of my job. In other words, this operational evaluation group—they existed during the war—is a group of scientific people who evaluate weapons for the operating forces and develop better fighting technique. To me that is really research. They live with the fleet, but they do a lot of pencil pushing. They are scientists. I think they could logically belong in our research program, but they do not work for me. They are evaluating the things that we do.

Mr. SHEPPARD. Is that considered a proportionate contribution on Navy's part to their total function, or are you paying the complete cost to the Navy, Air Force, and so forth?

Admiral BOLSTER. This type of activity is a complete Navy operation. We pay the complete bill. The bill is about $660,000, a sizable amount of money.

Mr. SHEPPARD. The function that you have referred to is a complete Navy function and is not a participating one in which the other services join up?

Admiral BOLSTER. That is correct.

NAVAL RESEARCH LABORATORY

Mr. SHEPPARD. We will take up item 1B, the "Naval Research Laboratory." You are asking for $10,387,000 in 1953. Your 1952 estimate is $10,493,000.

I would like to have you tell me how much unexpended balance you have and what you contemplate doing with the $10,387,000 in 1953.

Admiral BOLSTER. Mr. Chairman, the Navy Research Laboratory is a very large laboratory that performs work not only for us but for the Navy as a whole and for the other services.

Of the $10,493,000 available to the Naval Research Laboratory in 1952, as of December 31, $7,000,000, or 66.7 percent was obligated. I believe this large percentage is due essentially to the fact that the laboratory also receives a great deal of support from other agencies and is in a sense almost a Department of Defense facility. We receive large sums of money from other bureaus of the Navy and large sums of money from other Government agencies.

The work that is expected to be performed under this sum of money which we are asking for in 1953 will be substantially of the same type and of the same importance as that of 1952. There are no major changes in emphasis. I feel that if there is any change in emphasis we are actually devoting more effort now to the problems of more effective and efficient sonar equipment, as you have seen.

We also have been given by the Chief of Naval Operations a responsibility for assisting in the design of ships. There is the so-called Ships Characteristics Board in CNO which aids in the solution of CIC and related problems, and there is what is known as the Systems Coordination Division in ONR. This work is essentially to devise better arrangements for the control functions of the ship; to digest and do something about all the many types of information received which must be transmitted to the commanding officer and out to the people that have to fire the weapons, or launch the airplanes.

In general, however, the activity at the laboratory is divided up into divisions. It has a competent staff, and what this really says is that we plan to continue to operate in very much the same way that we have operated in the past.

PERSONNEL SERVICES

Mr. SHEPPARD. I see reflected on page 20–11 a rather understandable breakdown of the personnel that is involved, and I wish it inserted in the record at this point.

(The page referred to is as follows:)

	Actual, 1951			Estimate, 1952			Estimate, 1953		
	Number positions	Man-years	Total cost	Number positions	Man-years	Total cost	Number positions	Man-years	Total cost
01 Personal services:									
Research, Navy	1,009	902.2	$4,370,182	1,094	992	$5,156,000	1,094	1,030	$5,433,440
Reimbursements	893	747.8	3,787,629	1,134	958	5,040,000	1,183	1,050	5,290,000
Subtotal	1,902	1,650.0	8,157,811	2,228	1,950	10,196,000	2,277	2,080	10,723,440
All other objects:									
Research, Navy			5,463,096			5,337,000			4,953,560
Reimbursements			4,482,371			5,810,000			6,568,000
Subtotal			9,945,467			11,147,000			11,521,560
Total, research, Navy			9,833,278			10,493,000			10,387,000
Total, reimbursements			8,270,000			10,850,000			11,858,000
Grand total			18,103,278			21,343,000			22,245,000

NOTE.—The estimate for this project provides for an increase of 49 positions for the anticipated increase in reimbursable work performed for other Navy bureaus and Government activities. As shown in the above table, the 1953 estimate provides for a net increase of $902,000 in research.

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Mr. SHEPPARD. I notice in 1951 you had in man-years 1,650, and projected for 1953, 2,080.

In positions that is reflected as 1,902 in 1951, and 2,228 in 1952, and 2,277 in 1953.

What types of positions are you adding to your staff down there that increases it both in man-years and positions?

Admiral BOLSTER. I would like to point out, Mr. Chairman, that the number of positions paid for by "Research, Navy," remain constant, and the increased positions that we are asking for here are based upon the estimates that we have received from the bureaus as to the amount of work they plan to give us to do.

Mr. SHEPPARD. In other words, this reflects an additional workload that you contemplate?

Admiral BOLSTER. Yes. I would like to point out that we do a large amount of work at the Naval Research Laboratory for the Atomic Energy Commission, and this also reflects their estimates.

Mr. SHEPPARD. These operations are reimbursable from those respective divisions?

Admiral BOLSTER. Yes.

Mr. SHEPPARD. Insofar as your personnel operations are concerned, you are running at a reasonably normal level?

Admiral BOLSTER. That is correct.

Mr. SHEPPARD. And this additional is made necessary because of the extra workload, and insofar as funds are concerned you will be reimbursed for the extra work and there will be no effect upon your funds as such?

Admiral BOLSTER. That is correct.

SPECIAL DEVICES CENTER

Mr. SHEPPARD. We will take up the next item, 1C, "Special Devices Center."

Your estimate is $7,012,000 in 1953. In 1952 your estimate was $8,012,000.

Admiral BOLSTER. Of the amount appropriated for 1952, $8,012,000, as of December 31, 1951, we obligated $5,400,000, or 67.3 percent.

I would like to point out, Mr. Chairman, that these funds, $7,012,000 for 1953, are used somewhat differently from those for the Naval Research Laboratory in that the operation at the Special Devices Center is a contract operation essentially rather than a laboratory operation.

This facility is comprised of a group of engineers, contracting people, specification writers, and experienced naval officers, all of whom are working toward the development of training equipment for the various training agencies.

EMPLOYMENT

As an interesting sidelight, Mr. Chairman, we have 39 civilians and Army officers at the Special Devices Center using this same facility to develop equipment for the Department of the Army. There are no funds, however, included for that purpose. Their work is paid for by their own people.

We also do a substantial amount of the same type of work for the Air Force.

UNDERWATER SOUND REFERENCE LABORATORY

Mr. SHEPPARD. We will take up Item 1D, "Underwater Sound Reference Laboratory." You are asking for $294,000 in 1953. Your estimate for 1952 was $260,000.

Describe the functions that fall within the definition of Underwater Sound Reference Laboratory.

Admiral BOLSTER. The Underwater Sound Reference Laboratory is the last item under research and development. I would first like to say that in the fiscal years 1952 we were assigned $260,000 and have obligated $128,000, so that it is 49.2 percent obligated.

The Underwater Sound Reference Laboratory is a Navy-wide Bureau of Standards type of operation, if you want to call it that, in the field of underwater sound. It happens that the Navy is the only user of underwater sound equipment, so that we have to maintain our own standards activity.

The Underwater Sound Reference Laboratory calibrates the reference equipment that is used by all the laboratories and contractors for the Navy to build underwater sound equipment. They are located on an ideal location, a circular lake of proper underwater sound characteristics, and actually do all the calibrating and standardization work in the field of underwater sound for the Navy Department.

This is a very small activity, but we feel it is a very important one.

Now, we also serve the other bureaus in checking equipment that they buy; in other words, from time to time, a new sonar equipment of some type will be sent there to see if it really works the way that it is supposed to.

At the present time we are doing a crash job for the Bureau of Ships which, if we had not taken it on, would have required the establishment of a special facility.

Mr. SHEPPARD. Under this activity is there anything new that this committee has not discussed in the past? I am talking about the method of procedure.

Admiral BOLSTER. Nothing. This laboratory has been right here all the time.

Mr. SHEPPARD. And the functions within this activity repesent a continuity of procedure?

Admiral BOLSTER. That is correct.

Mr. SHEPPARD. There are some deviations—new elements will come in and out.

Admiral BOLSTER. The chief thing that has happened down there, sir, is they have some better facilities. They are in a better place than they were 3 years ago.

OBLIGATIONS FOR RESEARCH AND DEVELOPMENT

Mr. WIGGLESWORTH. From an over-all standpoint, I understand that you obligated of your $69,998,000 appropriation, as of December 31, $40,353,000; is that right?

Admiral BOLSTER. That is correct.

EXPENDITURES AND UNEXPENDED BALANCE

Mr. WIGGLESWORTH. What is the expenditure figure as of that date?

Mr. EDWARDS. The total expenditures to date in 1952?

Mr. WIGGLESWORTH. Do you have them as of December 31?

Mr. EDWARDS. $30,100,000.

Mr. WIGGLESWORTH. I note that you have an estimated carry-over of unexpended balances as of June 30, 1952, of $72,163,067, and as of June 30, 1953, $79,636,067.

BASIS FOR CONTRACTS

With reference to the latter, I notice a statement by the Secretary of Defense that—

> The funds carried over in 1954 are required to complete existing contract research projects which will be in process. In order to obtain the services of highly qualified scientists, contracts for longer periods of 1 year are necessary, and the need for long-term contracting has been recognized in the Congress in authorizing legislation which provides for expenditure of funds over a 5-year period.

Does that mean that all of your contracts are on a basis of 5 years?

Admiral BOLSTER. No, sir. The average length of our contract is closer to 2 years. There are some contracts that are extremely long lived, sir. The operations evalution group that I mentioned is an example. In order to recruit people on a continuing basis to learn naval weapons and be valuable to the Navy, they have to really be permanently contracted for. We do have some projects that are fairly long lived, but we also have some that are of fairly short life.

Mr. WIGGLESWORTH. Will you please put a brief table into the record when you revise your remarks showing how many contracts you have for 1 year and the total involved, and how many for 2 years and how many for 3 years, and so on with the total dollars in each instance?

Admiral BOLSTER. We can do that very readily.

Estimated dollar value of contracts as of Dec. 31, 1951

Average duration of contract	Number	Amount
1 year	1,494	$38,315,000
2 years	503	15,000,000
3 years	222	12,500,000
4 years	90	5,200,000
5 years	16	985,000
Total	2,325	[1] 72,000,000

[1] Unliquidated balance of research and development contracts active as of Dec. 31, 1951.

PERSONNEL REQUIREMENTS

Mr. WIGGLESWORTH. I understand that you want in man-years civilian personnel numbering 410 in the department and 4,841 in the field as compared with 400 in the department and 4,653 in the field in the current fiscal year.

Mr. EDWARDS. Yes.

Mr. WIGGLESWORTH. Is there any military personnel that you carry in addition to that?

Admiral BOLSTER. No military personnel are listed in this budget, sir.

Mr. WIGGLESWORTH. How many do you have working in the department and how many do you have working in the field?

Admiral BOLSTER. As of January 31, in the Office of Naval Research, we had 93 military personnel, sir, and throughout the entire organization we had a total of about 430 military personnel.

Mr. WIGGLESWORTH. That includes both departmental and field?

Admiral BOLSTER. Yes.

Mr. WIGGLESWORTH. What is the story as to what you want in 1953?

Admiral BOLSTER. In 1953 there would be substantially the same. We have no planned increase.

Mr. WIGGLESWORTH. Under item 1B you gave Mr. Sheppard the number of man-years and positions for the Naval Research Laboratory. How many have you on board now?

Mr. EDWARDS. Naval Research Laboratory, on board, 29th of February, 3,379 civilians.

Mr. WIGGLESWORTH. I thought you told Mr. Sheppard that you had 2,228 positions.

Mr. EDWARDS. Yes. The figure of 2,277 is for the direct and reimbursable costs of research under the research and development budget activity. The indirect costs of research and development including maintenance and operation and scientfiic supervision are not included in that figure. The figure that I just gave you is the grand total on board at the Naval Research Laboratory at February 29, 3,379 civilian personnel.

Mr. WIGGLESWORTH. What figure do you look forward to for the fiscal year 1953 on the same basis?

Mr. EDWARDS. On the grand total basis?

Mr. WIGGLESWORTH. Yes.

Mr. EDWARDS. We expect to have 3,893 positions at the Laboratory. May I revise that figure? That includes reimbursable figures.

Mr. WIGGLESWORTH. Are the two figures comparable?

Mr. EDWARDS. Yes; they are comparable.

Mr. WIGGLESWORTH. Under the "Special Devices Center," project 1C, what do you have in personnel?

Mr. EDWARDS. There are 513 civilians on board at February 29.

Mr. WIGGLESWORTH. What do you look forward to in 1953?

Mr. EDWARDS. This figure is not comparable, sir. There are a number of positions included that are not under the Office of Naval Research's ceiling, and I will have to pull out the number of such positions and man-years.

Mr. WIGGLESWORTH. Will you please furnish that for the record?

Mr. EDWARDS. I shall be glad to.

(The information requested is as follows:)

On board at the Special Devices Center:	
Actual on Feb. 29, 1952	513
Estimated on board in fiscal-year 1953	537
Estimated on board at other naval installations in fiscal year 1953 paid from research, Navy funds	110
Total on board in fiscal year 1953	647
Total positions in fiscal year 1953	649

Mr. WIGGLESWORTH. How about the Underwater Sound Reference Laboratory?

Mr. EDWARDS. The Underwater Sound Reference Laboratory now has 76 people on board, and we are asking for 78 positions in 1953.

THURSDAY, MARCH 27, 1952.

MAINTENANCE AND OPERATION OF RESEARCH FACILITIES

Mr. SHEPPARD. All right, Admiral. The committee will come to order, and we will pick up the next budget activity, which is No. 2, reflected on page 20–17, "Maintenance and operation of research facilities." We will insert the table at this point in the record.

(The matter referred to is as follows:)

Maintenance and operation of research facilities

No.	Project	1951 actual	1952 estimate	1953 estimate
2-A	Naval Research Laboratory	$8,024,000	$8,250,000	$8,638,000
2-B	Special Devices Center	2,648,000	2,855,000	3,010,000
2-C	Underwater Sound Reference Laboratory	152,625	182,000	187,000
2-D	Branch offices	1,130,585	1,280,000	1,325,000
2-E	Other administrative expenses	84,508	140,000	140,000
	Total direct obligations	12,039,718	12,707,000	13,300,000

NOTE.—Unexpended balance: The unexpended balance as of Dec. 31, 1951, was $7,418,829.

Mr. SHEPPARD. Your estimate is reflected in 1953 as being $13,300,000, and in 1952 it was $12,707,000. This indicates an increase of $593,000.

NAVAL RESEARCH LABORATORY

Your first item that is indicated is 2–A, "Naval Research Laboratory," wherein your estimate is $8,638,000 for 1953. You have $8,250,000 in 1952.

I wish you would present a brief statement on your operations there. I say "brief" because the committee has had your operations, generally speaking, before it over a period of years.

Admiral BOLSTER. In connection with the 1952 funds, a total of $3.9 million or 47.2 percent of those funds were obligated on December 31.

Regarding the estimate for 1953 for $8,638,000, I would like to say as to maintenance and operation costs that this amount actually includes what could be considered indirect costs of research and development, including the cost of general supervision of the laboratory, supervision of the scientific divisions, procurement of plant equipment, maintenance of buildings and grounds, and various centralized services, such as personnel, security, fiscal, and communications.

In general, this amount remains fairly constant, although, as noted, in the fiscal year 1953 it will be increased by $388,000 over what it is estimated to be in 1952. The reasons for this increase can be most easily understood if we consider them by object classes.

INCREASE IN PERSONAL SERVICES

Under "Personal services" there is an increase of $44,000 which is essential because during the fiscal year 1953 these services will be paid for for a full year. The next object class, 07, is an increase of $179,000 principally for deferred maintenance, which includes many things that have been deferred necessarily in the past.

INCREASE IN NEW EQUIPMENT

The third item of increase is $90,000, which is to pay for new equipment. The laboratory has approved two new facilities, a nucleonics laboratory and an extension to the machine shops. This $90,000 will partly pay for new equipment required for those two facilities. The fifth item includes other miscellaneous items which total $75,000.

Mr. SHEPPARD. Mr. Reporter, insert page 20–19 in the record and also the breakdown reflected at the bottom of page 20–20.

(The matter referred to is as follows:)

Comparison of research and development and maintenance and operation costs at the Naval Research Laboratory, fiscal years 1951, 1952, and 1953

Activity	Actual, 1951		Estimate, 1952		Estimate, 1953		Increase, 1953 over 1952	
	Million of dollars	Percent of total	Million of dollars	Percent of total	Million of dollars	Percent of total	Million of dollars	Percent of increase
Program funds:								
Research, Navy:								
Direct costs of research and development	9.8	37.3	10.5	35.2	10.4	33.4	0.6	6.1
Patents	.1	.4	.1	.3	.1	.3		
Reimbursements	8.3	31.5	10.9	36.6	11.9	38.3	3.6	43.4
Total program funds	18.2	69.2	21.5	72.1	22.4	72.0	4.2	23.1
Maintenance and operation funds:								
Research, Navy:								
Indirect costs of research and development	1.0	3.8	1.2	4.1	1.2	3.9	.2	20.0
General administration and plant maintenance and operation	7.0	26.6	7.0	23.5	7.4	23.8	.4	5.7
Total maintenance and operation funds	8.0	30.4	8.2	27.6	8.6	27.7	.6	7.5
Reimbursements	.1	.4	.1	.3	.1	.3		
Subtotal	8.1	30.8	8.3	27.9	8.7	28.0	.6	7.4
Grand total	26.3	100.0	29.8	100.0	31.1	100.0	4.8	18.3

Fund requirements by subproject

	Actual, 1951		Estimate, 1952		Estimate, 1953	
	Man-years	Total cost	Man-years	Total cost	Man-years	Total cost
1. Indirect costs of research and development	192	$1,045,000	205	$1,250,000	209	$1,268,000
2. General administration and staff services	825	3,589,000	868	3,993,000	880	4,005,000
3. Plant improvements	27	1,115,000	20	661,000	16	900,000
4. Maintenance and operation of facilities	396	2,275,000	410	2,346,000	411	2,465,000
Total	1,440	8,024,000	1,503	8,250,000	1,516	8,638,000

Installation and Maintenance of Special Devices

Mr. Sheppard. We will pick up the next item, budget activity 3, "Installation and maintenance of special devices," in which your request for 1953 is reflected as being $3,385,000. In 1952 your estimate was for $2,768,000. This reflects a considerable increase, and I wish you would make your presentation as to the necessity for the increase.

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $3,264,561.

Admiral Bolster. Of the funds appropriated for this purpose in the fiscal year 1952, $2,768,000, $1,400,000 or 50.2 percent has been obligated.

These funds are required for the purpose of installing and keeping these training equipments in operating condition.

Actually, the increased cost in 1953 over 1952 can probably best be explained by the table on page 20–32, sir, which breaks the increase down into five important functions carried out under this part of our appropriation.

In the fiscal year 1953 there is an incerase in technical supervision and direction of $23,000. In installation and modification of the training equipments there is an increase of $140,000. The $140,000 is actually used to pay for work in naval training stations normally being paid to naval civilian employees.

The third portion of $205,000 is for service contracts and is paid for contracts for people who service these elaborate training equipments, keeping them going and providing the necessary service to the training agencies.

We also have a small overhaul and repair program, keeping them in fit condition, in the amount of $19,000, and finally $226,000 is required for spare parts.

Mr. Sheppard. In other words, these are devices that are utilized in our training program for the purpose, I assume, of having a force that will be called upon to function with whatever devices may be utilized to train them to function in a more efficient manner than otherwise might pertain. Is that correct?

Admiral Bolster. That is correct; yes, sir. And the Special Devices Center is charged not only with the development of the equipment, but we also have the responsibility for going out into training centers and teaching people how to operate the devices and keep them

repaired, because they are very highly specialized equipments. These funds pay for the function of the maintenance and operation of the equipments at the training centers which are far-flung in location.

PATENTS

Mr. SHEPPARD. Very well. We will pick up your next item, No. 4, "Patents." You want $795,000 in your 1953 estimate, and you had $700,000 in 1952.

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $495,350.

Admiral BOLSTER. Considering the $700,000 we had in 1952, as of December 31, 1951, $266,000 of this had been obligated, or 38 percent. I would like to explain that the reason that there is only 38 percent is because throughout the fiscal year 1952 we have been building up a staff of competent attorneys in the field, and the number on board will be considerably more than it was last year.

Mr. SHEPPARD. When you say "on board," I interpret that you mean that literally and this is not a contractual procedure.

PERSONNEL

Admiral BOLSTER. Yes, sir. These are employees of the Government. The table on page 20–42 shows that in carrying out the patent responsibilities for the Navy we actually place patent attorneys and people who are prepared to assist workers in the laboratory with their patent work in all of the various important key locations throughout the Navy Department and the field. You will note we cover all of the important field research and development activities.

Mr. SHEPPARD. Are these all civil-service people?

Admiral BOLSTER. Yes, sir.

Mr. SHEPPARD. Mr. Reporter, insert page 20–42 in the record at this point.

(The matter referred to is as follows:)

Comparison of positions and man-years; fiscal years 1951, 1952, 1953

	Fiscal year 1951		Fiscal year 1952		Fiscal year 1953	
	Positions	Man-years	Positions	Man-years	Positions	Man-years
Office of Naval Research:						
Naval Research Laboratory	21	14.0	19	17.0	19	19.0
Special Devices Center			5	3.0	5	5.0
Branch Office, Boston, Mass	10	9.0	11	10.0	11	11.0
Branch Office, Chicago, Ill	3	2.0	4	4.0	4	4.0
Branch Office, Pasadena, Calif	3	2.0	3	3.0	3	3.0
Branch Office, New York, N. Y	9	9.0	9	9.0	9	9.0
Branch Office, San Francisco, Calif	5	4.0	3	3.0	3	3.0
Bureau of Aeronautics:						
Naval Photographic Center, Anacostia, D. C	13	11.5	13	13.0	13	13.0
Naval Air Material Center, Philadelphia, Pa			6	4.5	6	5.0
Naval Air Development Station, Johnsville, Pa			5	3.0	5	4.0
Naval Air Missile Test Center, Point Mugu, Calif			4	2.5	4	3.5
Bureau of Ordnance:						
Naval Gun Factory, Washington, D. C	10	8.5	10	10.0	10	10.0
Naval Ordnance Laboratory, White Oak, Md	14	13.0	14	13.0	14	13.0
Naval Ordnance Plant, Indianapolis, Ind			2	1.5	2	2.0
Naval Ordnance Test Station, Inyokern, Calif			6	3.0	6	5.0
Bureau of Ships:						
David W. Taylor Model Basin, Carderock, Md			9	4.5	9	8.0
Naval Engineering Experiment Station, Annapolis, Md			3	2.0	3	3.0
Naval Boiler and Turgine Laboratory, Philadelphia, Pa			2	1.0	2	2.0
Navy Electronics Laboratory, San Diego, Calif			5	3.0	5	4.0
New York Naval Shipyard, Brooklyn, N. Y			3	1.5	3	2.5
Mare Island Shipyard, Vallejo, Calif			3	1.5	3	2.5
Total	88	73.0	139	113.0	139	132.0

Admiral BOLSTER. My point is that the whole cost of this is essentially salaries for people of this type, and during the fiscal year 1953 they will all be aboard during the whole year.

Mr. SHEPPARD. I note reflected on page 20–40 that you indicate the status of applications, which would be the work load. Is that correct?

Admiral BOLSTER. That is correct, sir.

Mr. SHEPPARD. In other words, so far as this aspect of your function is concerned, does this reflect your work load?

Admiral BOLSTER. Yes, sir; it does. The way we function, Mr. Chairman, in patent work is that we find that many of the laboratory personnel of the Navy actually merely record their inventions, and thereby you do not protect the Government unless there is someone there who knows how to help them do this. We have found that it is much more efficient to have people who are competent in the identification of patents and working them up in proper form right in the laboratories, and this is our program for actually doing this.

Mr. SHEPPARD. You have been doing this for quite some time?

Admiral BOLSTER. Yes, sir; except we have not had adequate budgets for it.

NUMBER OF PATENTS PROCESSED

Mr. SHEPPARD. Do you have any information as to the number of patents, hypothetically, in 1951 and 1952 that might have been recovered for the Government which otherwise would have been lost?

Mr. HOSSFELD. No, sir; we do not have those figures. Actually we require the submission of invention disclosures from naval person-

nel, both officers and civilians. In the past few years we have been receiving an average of 1,400 invention disclosures. There is a requirement that they be submitted and they are generally submitted, and of those we found over 900 of them are not patentable and about 500 of those we found worthy of patenting. We might say that in the last 18 months we have issued, and the Navy has acquired, 950 patents, and under those patents the Government as such acquires a royalty-free license. That is in general the picture.

Mr. SHEPPARD. You say that out of the 950 there is a number which have been operationally licensed?

Mr. HOSSFELD. All of the 950, sir.

Mr. SHEPPARD. All of them?

Mr. HOSSFELD. Yes, sir.

LICENSING POLICY

Mr. SHEPPARD. Are you in a position to tell us what is the modus operandi of the licensing operation?

Mr. HOSSFELD. Those licenses are royalty-free licenses to the United States Government, that is, without charge of royalty on the invention covered by the patent. That means in the case of procurement, therefore, that we get our procurement at a lesser price because there is no royalty charge, inasmuch as the procurement is covered by those patents that we have obtained.

Mr. SHEPPARD. In other words, then, if we were not operating in the field of protecting the Government's interest, out of the volume of patents that you have referred to, which is 900-plus, as I recall it——

Mr. HOSSFELD. Yes, sir.

Mr. SHEPPARD. They could be developed privately, or anything could happen to them?

Mr. HOSSFELD. Yes, sir.

Mr. SHEPPARD. Once they have come into the possession of the Government by patent, they then become the exclusive property of the Government?

Mr. HOSSFELD. Yes, sir; that is correct.

Mr. SHEPPARD. Then I assume the Government could function in one of two possible capacities. They could use the article patented for the purpose of producing military required instruments, hypothetically.

Mr. HOSSFELD. Yes, sir.

Mr. SHEPPARD. Then in doing business with the contractor who has to produce in that field, if he were functioning under the patent through civilian operations there would obviously be a royalty involved?

Mr. HOSSFELD. There would.

Mr. SHEPPARD. It would mean additional cost. By the present method of functioning on the part of the Government, they not only own and control that patented device, but by permitting its use by a fabricator or manufacturer they can get their finished product, whatever it might be, at less cost and avoid the royalty payment. Is that right?

Mr. HOSSFELD. That is correct.

Mr. SHEPPARD. If General Motors or some other company or manufacturer wanted to produce an article, if for some reason the Government was to cease to want that article, an article for which a patent was given, to produce that article, and it seemed that a cessation of hostilities was obviously to follow, that would leave the Government free, if private business or civilian functions wanted to utilize that patent, to realize a royalty on it; would it not?

Mr. HOSSFELD. Industry could not realize a royalty on it.

Mr. SHEPPARD. No; I said the Government could realize a royalty.

Mr. HOSSFELD. Yes, sir; the Government could.

Mr. SHEPPARD. We have gone into the civilian operation exclusively, and hypothetically we are not requiring any more military fabrication, because hypothetically what we all hope for has happened, hypothetically, that we have peace.

Mr. HOSSFELD. Yes, sir.

Mr. SHEPPARD. When you have a patent, I want to find out if one or two or three manufacturers wanted to use it in their civilian production business, if you could say to them "All right, but we want a royalty if you are going to operate under it."

Mr. HOSSFELD. You mean General Motors would charge a royalty?

Mr. SHEPPARD. No; the Government, who is the owner of the patent.

Mr. HOSSFELD. I suppose the Government might charge General Motors a royalty.

Mr. SHEPPARD. If it so desires?

Mr. HOSSFELD. It has been the policy of the Government not to charge that rolyalty in a situation of that kind. The United States Government where it has owned patents to date has never sued a private individual or industry for infringement of the patent, and as far as I know has not charged a royalty for the use of a patent.

Mr. SHEPPARD. Why not? Business charges its royalty on everything it does for the Federal Government; so why should we not make every possible recovery we can when we have invested the taxpayer's money in the development of the patent? It would seem to me rather far-fetched if we take the taxpayer's money to develop a patent and have it become the property of the United States Government and then when we, the Government, cease to have the use of the fabricated subject matter, if X civilian, General Motors, or a steel company who is operating in the field of private industry sees fit to utilize that patented subject matter, then I cannot see any reason why the Federal Government should not become solvent to the degree it can by recapturing those costs.

Mr. HOSSFELD. Well, the argument has been made that industry feels that inasmuch as the invention has been developed with the taxpayer's money they should have the benefit of and the free use of the invention.

Mr. SHEPPARD. I do not blame them. That is very good psychology. You might also say to that same person or company or corporation "All right. It has been developed with taxpayers' money. So, undoubtedly, as a taxpayer, you have a part in here, and we will cut off your 10 cents and give you your money," because in the final analysis the Federal expenditures are derived from the taxpaying public. I personally can see no reason why they should not take advantage of the royalty when they are permitting those patents to be used by pri-

vate business, merely because of the psychology that X corporation can be saved money as part of the taxpaying public.

Mr. HOSSFELD. There is another factor that enters into that. Of course, a large number of the patents we take out do not generally have commercial value.

Mr. SHEPPARD. It is one out of, say, 150 that would have commercial value?

Mr. HOSSFELD. Yes, sir. That is perhaps another partial answer.

Admiral BOLSTER. We do make real savings, Mr. Chairman, in the fact that in the cases where we do not own the patents, we also protect the Government for infringement suits, for example in the case of the Power Jets Corp., which owns the basic patents on the jet engines, we have settled for the entire Government a claim that has been pending for some years, at a saving of $6,800,000 to the Government, and we not only settled that whole claim, but we receive all future rights to use the patents.

Mr. SHEPPARD. In other words, you had a patent litigation development?

Admiral BOLSTER. Yes, sir.

Mr. SHEPPARD. Who instituted that action in the first place?

Admiral BOLSTER. The Power Jets Corp. of Great Britain, for infringement by the Air Force and the Navy for the use of their inventions in jet engines.

Mr. SHEPPARD. So the Federal Government settled that claim with them?

Admiral BOLSTER. Yes, sir.

Mr. SHEPPARD. And now is the sole owner of the patent exclusively?

Admiral BOLSTER. Well, they still own it, but we have free license to use it.

Mr. SHEPPARD. Then we merely settled the infringement aspect of the case?

Admiral BOLSTER. Yes, sir; that is correct.

Mr. SHEPPARD. And they are licensing those patents to us now?

Admiral BOLSTER. We have settled their past claim and have obtained the free use of their inventions, all phases of the inventions for use on the part of the Government from now on. This is the way I think all of these infringement cases have to be settled.

This is another function of the Patent Division which I think is very important and which contributes real monetary savings.

Mr. SHEPPARD. It is a very interesting legal field to be employed in, I would think.

DEPARTMENTAL ADMINISTRATION

Mr. SHEPPARD. Let us pick up our next project, No. 5, "Departmental administration."

Your request for 1953 is for $2,720,000. In 1952 you had $2,630,000.

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $1,543,776.

Admiral BOLSTER. Of the 1952 funds, $2,630,000, we have obligated $1,255,000, or 47.7 percent.

The increase in this budget of $90,000 is principally due to the increase in the man-years of personal services.

Mr. SHEPPARD. In other words, you want $78,000 for that purpose?

Admiral BOLSTER. Yes, sir; an increase of $78,000 to provide for the full employment in the fiscal year 1953 of the scientific and professional staff that we acquired in 1952, and $12,000 for other minor supporting costs.

Mr. SHEPPARD. What particular line of employment is going to be filled by the people you just reefrred to, for which you are asking $78,000?

Admiral BOLSTER. These are not new people, sir. They are people who were employed in the fiscal year 1952.

Actually, they are people of different kinds. Wherever we can within our celing we are acquiring an increase in our staff in scientific personnel.

Actually in the fiscal year 1953 we will have on board 195 man-years as opposed to 188 man-years of scientific personnel in 1952.

The large proportion of that whole cost is in the research group and in people employed by the research group, which is the scientific group of our office.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Mr. Fernandez, do you have any questions upon these activities?

Mr. FERNANDEZ. You are not finding or are not likely to find difficulty in keeping these scientists and professional employees on the staff?

Admiral BOLSTER. I have had great difficulty; yes, sir. We have lost many of them. In many areas we feel that we may be a training ground for others. I have lost a man within the last month who is going to be head of the Office of Ordnance Research, of the Army, and I have lost people to the Research and Development Board, and my military patent attorney is now working for the Secretary of Defense. We do have a recruiting program. I am just now trying to recruit a professor on leave from the University of Iowa. He will come to stay with us, I hope, a year, and maybe we can entice him to stay longer. This is a constant problem.

However, both within our own office and within the Naval Research Laboratory we have had very good success, and I think a part of this stems from the fact that we have a good reputation, they want to work with us, and they enjoy working with us.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

CIVILIAN PERSONNEL

Mr. SHEPPARD. I would like to have you, on your civilian personnel, present for the record a tabulation by budget activity, the number on board as of June 30, 1951; ditto, December 31, 1951; the estimated number on board on June 30, 1952, and ditto, June 30, 1953; the man-years for 1952, and the man-years for 1953. Also the personal-service costs for 1953, and if you can, show this data for those paid from this appropriation and show only in the totals, as a sort of

appendix, those paid from reimbursements. Can you show that for us?

Mr. EDWARDS. Yes, sir.

Admiral BOLSTER. Yes, sir; we can furnish that information, Mr. Chairman.

(The matter referred to is as follows:)

Analysis of personal services paid from Research, Navy, 1953 budget estimates

Budget activity	Actual on-board June 30, 1951	Estimate, 1952		Actual on-board Dec. 31, 1951	Estimated on-board June 30, 1952	Estimate, 1953		Estimated on-board June 30, 1953
		Man-years	Net cost			Man-years	Net cost	
Direct obligations:								
Research and development	1,261	1,249	$6,391,000	1,202	1,329	1,292	$6,706,440	1,320
Maintenance and operation of research facilities	2,165	2,183	9,461,000	2,177	2,246	2,215	9,594,000	2,261
Installation and maintenance of special devices	138	177	759,000	166	187	184	788,000	188
Patents	77	113	641,000	107	134	132	757,000	139
Departmental administration	404	403	2,213,000	386	420	414	2,291,200	420
Total direct obligations	4,045	4,125	19,465,000	4,038	4,316	4,237	20,136,640	4,328
Reimbursable obligations:								
Research and development	847	958	5,040,000	907	1,028	1,050	5,290,000	1,075
Maintenance and operation of research facilities	1	4	15,000	4	4	6	20,000	6
Total, reimbursable obligations	848	962	5,055,000	911	1,032	1,056	5,310,000	1,081

INCREASE IN ESTIMATES

Mr. WIGGLESWORTH. Admiral, the increases in any one instance are not very large, but I notice that although your "Research and development" in 1951 was $65,658,648 against an estimate for $55,500,000 in 1953, every one of your supporting items shows a tendency to climb steadily every 2 years.

For instance, under "Maintenance and operation of research facilities," you go from $12,039,718 to $12,707,000, to $13,300,000.

Your "Installation and maintenance of special devices," you go from $2,171,311 to $2,768,000, to $3,385,000.

In your patents you go from $395,282 to $700,000 to $795,000.

In your "Departmental administration" you go from $1,940,712 to $2,630,000, to $2,720,000.

That is the same tendency we note in so many other agencies and bureaus of the Government, to creep up, all the time. While it may not amount to so much in any one year, over a period of years it runs into very substantial sums.

Under the item "Naval Research Laboratory," you say you have an increase of $44,000 for personal services. How much personal service are you going to have in 1953, and how much do you have on board now?

Admiral BOLSTER. Captain Furth, Director of Naval Research Laboratory.

Captain FURTH. The indirect costs——

NAVAL RESEARCH LABORATORY EMPLOYMENT

Mr. WIGGLESWORTH. I want to know how many personnel you are going to have at the Naval Research Laboratory in 1953, and how many you have there now for maintenance and operation.

Captain FURTH. For maintenance and operation?

Mr. WIGGLESWORTH. Yes.

Mr. EDWARDS. There are 1,591 people there at present, and there will be 1,591 there in 1953 but there will be an increase of 13 man-years over-all in 1953 over 1952.

Mr. WIGGLESWORTH. Where does that $44,000 increase in personal services come from?

Mr. EDWARDS. We were ordered to absorb the costs of civilian pay increases authorized in 1952. There have been two pay raises in 1952, one for the graded workers, and one for the non-4–B workers, and it is going to cost more in 1953 than it did in 1952 for the graded increase, since the increase will be in effect about 6 days longer in 1953 than in 1952.

Mr. WIGGLESWORTH. You mean this represents 6 days?

Mr. EDWARDS. No, sir; the upgraded part of it is larger.

Mr. WIGGLESWORTH. What does this $44,000 increase represent? Can you not tell me in ABC terms?

Captain FURTH. It is mainly the increase in the ungraded personnel.

Mr. WIGGLESWORTH. How many?

Captain FURTH. 1,206 ungraded personnel, and of the 1,206, 702 will be indirect costs.

Mr. WIGGLESWORTH. What accounts for the $44,000 increase? That is what I am trying to get at.

Captain FURTH. They received an increase in pay in November.

Mr. WIGGLESWORTH. Is this $44,000 all for mandatory pay increase?

Captain FURTH. Mainly; yes, sir.

Mr. WIGGLESWORTH. Is it all for that purpose, and if it is not, what is it for? You ought to be able to tell me about a small item of that kind without beating around the bush. I understood the admiral to say that part of this increase was for personal services, $44,000. What is it due to, is it due to more pay, or what is it due to?

Captain FURTH. It is for the average for the year. It is a slight increase for the entire year. In 1952 the average number of ungraded personnel is estimated at 697. For 1953 it is estimated that we will have an average of 702.

Mr. WIGGLESWORTH. Well, you are not going to pay $44,000 for five people, are you?

Captain FURTH. No. The balance of that, sir, is to take care of the unabsorbed increased pay of all unclassified or ungraded workers.

Mr. WIGGLESWORTH. It looks to me as if on an item of that kind you ought to be able to absorb it without thinking about it at all.

DEFERRED MAINTENANCE

Now, you have $179,000 in for deferred maintenance. I do not know what that is. Under the time available under Chairman Cannon's schedule, we cannot go into things of that kind, but it seems

to me that all through these items there is a great deal of money going into what is called deferred maintenance as distinguished from normal maintenance.

Admiral BOLSTER. I can give you a list of what each item is for.

Mr. WIGGLESWORTH. You can?

Admiral BOLSTER. Yes, sir. Off the record.

(Discussion off the record.)

COMPARISON OF MAINTENANCE AND REHABILITATION

Mr. WIGGLESWORTH. I am frank to confess that I do not know where the Navy draws the line between maintenance and something more extensive, but it seems to me that there are several of these items that go beyond what you normally expect to be included in the word "maintenance," and that has been true of other items that have come before this committee.

I suggest that unless close scrutiny is kept on this matter that you are not presenting an accurate picture of what Congress is being asked to appropriate for.

Admiral CLEXTON. May I comment on that in general?

Mr. WIGGLESWORTH. Yes, certainly.

Admiral CLEXTON. In the Navy, since 1951, we have found it essential to keep our maintenance, and our day-to-day maintenance costs separate from our costs of activation and rehabilitation, and large items of major repairs in order that when we complete those nonrecurring items we would have a basis for knowing what our maintenance costs of the developments were. That is the reason you see the two distinguished, maintenance separate from nonrecurring large activations and rehabilitations and major improvement projects.

Mr. WIGGLESWORTH. I may be in error, but it seems to me that when you lump maintenance plus operation together in your activities, it tends to be difficult to see the picture clearly, and particularly when you include under maintenance items which might more properly be classified as repairs or new construction.

Admiral CLEXTON. In this particular appropriation they are together because it is a small item, but in all of the large bureaus we have a separate activity called major repairs and improvements.

Mr. WIGGLESWORTH. That I understand, but in looking at the shopping lists which have been presented, it seems to me that a lot of it is not maintenance, that you have classified under maintenance or deferred maintenance items which are so extensive, and which represent such fundamental changes that they ought more properly to be carried under your repairs or new construction.

Captain FURTH. All of the items on the "shopping list" were presented to the Shore Station Development Board for consideration for a public works appropriation. Because of there being a large number of relatively small items, it was decided by that Board that they should be handled as part of our maintenance and operation program rather than to include them as part of a public works appropriation bill, Mr. Wigglesworth.

Admiral CLEXTON. This year we set up a board of the best people we had to try to make a breakdown between maintenance and operation.

Mr. SHEPPARD. You should have it. Any time you put those two together you have opened a door into which the committee cannot follow you in your expenditures and your defending of them, so the separation of them is quite proper.

Mr. WIGGLESWORTH. Where the committee might have a tendency to approve normal maintenance without much detailed consideration, if that is, in fact, going to include new structures and substantial changes, that fact should be known and given consideration on its merits.

What about this special devices center, 2–B?

Admiral BOLSTER. Yes, sir.

Mr. WIGGLESWORTH. How many?

Admiral BOLSTER. There are 13 man-years.

Mr. WIGGLESWORTH. Additional?

Admiral BOLSTER. Yes, sir; additional man-years at the special devices center for the fiscal year 1953.

UNDERWATER SOUND REFERENCE LABORATORY PERSONNEL

Mr. WIGGLESWORTH. How about 2–C, is there any increase in personnel there, underwater sound reference laboratory?

Admiral BOLSTER. There are no increased man-years.

Mr. WIGGLESWORTH. How about your branch offices, 2–D, is there any increase in personnel there?

Admiral BOLSTER. There are 6 man-years increase in branch offices.

Mr. WIGGLESWORTH. So you are asking us, among other things, to appropriate for a total of 24 additional personnel. What about other administrative expenses? Why do they appear here under maintenance and operation and not under departmental administration?

Mr. EDWARDS. These other administrative expenses are, as you can see from the list on pages 20–29, items which apply to the field programs, but they are not allocable to specific programs.

For instance, the major item is the cost of the inspection of naval contracts and materials received, in this case the hardware type of contract. Such contracts flow from all of our programs, the contract programs of research, special devices developed by the Special Devices Center, in their training-equipment and development programs, and rather than make an arbitrary distribution, we have kept it as a separate item and shown it as other administrative expenses in the budget.

Mr. WIGGLESWORTH. Is that for salaries?

Mr. EDWARDS. No, sir; there are no salaries involved in the Office of Naval Research. When it gets to the Office of Naval Material, it does pay for the work they have done on our contracts in inspecting them and in inspecting the materials.

INCREASE UNDER INSTALLATION AND MAINTENANCE OF SPECIAL DEVICES

Mr. WIGGLESWORTH. Under your project No. 3, "Installation and maintenance of special devices," you want an increase from $2,768,000 in 1952 to $3,385,000 in 1953, and the increase is explained, I take it, on page 20–38, is it not?

Admiral BOLSTER. Yes, sir.

Mr. WIGGLESWORTH. Now, you tell us here in one instance that you want 0.3 of a man-year increase at $23,000; and at another place you

want 1.2 man-years at $140,000; and at another place you want 5.1 man-years increase at $19,000. That is correct, is it not?

Mr. EDWARDS. I hate to admit it, sir, but that table is a bad presentation. We have attempted to show you a breakdown of both man-years and total money. The money in that table does not refer to personal services costs only.

Mr. WIGGLESWORTH. But it does in those three instances, does it not?

Mr. EDWARDS. No, sir, it does not. In the first place, in the last flurry of making up this budget we actually forgot to transfer $22,000 of the $23,000 in that item A down to item D, "Overhaul and repair." Except for the first case, there are both supplies and materials and personal services in those total figures.

INCREASE IN MAN-YEARS

Mr. WIGGLESWORTH. How much is there in there for the increase in man-years?

Mr. EDWARDS. There is a total of $25,000 for all items for the increase in man-years.

Mr. WIGGLESWORTH. $25,000?

Mr. EDWARDS. Yes, sir.

Mr. WIGGLESWORTH. $25,000 is insignificant in the over-all figures we are talking about, but the total suggests the same mathematical computations, or the same rule of thumb. The figures indicate that you have to have three-tenths of a man-year increase for technical supervision and direction, and instead of forgetting about it and absorbing it, you put it in the justification and come up here and say you have to have this increase in personnel because the rule of thumb indicates it.

Mr. SHEPPARD. When the record comes back to you for correction, correct that lack of transferability in there.

Admiral BOLSTER. Yes, sir.

Mr. EDWARDS. We would like to correct this table, also.

Mr. SHEPPARD. Yes, sir, if you will.

(The table referred to is as follows:)

INSTALLATION AND MAINTENANCE OF SPECIAL DEVICES

Project No. 3-A—Special Devices Center

Functions	Actual, 1951		Estimate, 1952		Estimate, 1953		Increase, 1953 over 1952	
	Man-years	Cost	Man-years	Cost	Man-years	Cost	Man-years	Cost
(a) Technical supervision and direction: Personal services	52.5	$228,228	60.5	$280,000	60.8	$281,000	0.3	$1,000
(b) Installation, maintenance, and modification:								
Personal services	1.6	5,851	7.8	28,000	9.0	33,000	1.2	5,000
Other objects	.....	181,345	.....	517,000	.....	652,000	.....	135,000
Total	1.6	187,196	7.8	545,000	9.0	685,000	1.2	140,000
(c) Service contracts: Other objects	.....	453,839	.....	615,000	.....	820,000	.....	205,000
(d) Overhaul and repair:								
Personal services	66.4	240,761	93.1	351,000	98.2	370,000	5.1	19,000
Other objects	.....	52,511	.....	29,000	.....	51,000	.....	22,000
Total	66.4	293,272	93.1	380,000	98.2	421,000	5.1	41,000
(e) Spare parts: Other objects	.....	913,776	.....	848,000	.....	1,074,000	.....	226,000
Summary:								
Personal services	120.5	474,840	161.4	659,000	168.0	684,000	6.6	25,000
Other objects	.....	1,601,471	.....	2,009,000	.....	2,597,000	.....	588,000
Total	120.5	2,076,311	161.4	2,668,000	168.0	3,281,900	6.6	613,000

INCREASE IN PATENTS

Mr. WIGGLESWORTH. Item 4, patents, you have described that at some length. Here again you show an increase from $700,000 in 1952 to $795,000 in 1953, and an increase in man-years from 73 in the fiscal year 1951 to 113 in 1952 to 132 for the fiscal year 1953.

You told us, I think, that you had about, what was it, 600 suggestions that were patentable a year?

Admiral BOLSTER. It is closer to a 900 average, Mr. Wigglesworth.

Mr. WIGGLESWORTH. I thought you told us that 1,400 were received, and only about 600 were patentable.

Mr. HOSSFELD. There were 1,400 received.

Mr. WIGGLESWORTH. Of which 40 percent were patentable. It is about 560 that you can patent a year.

Mr. HOSSFELD. We have 3,000 patent applications pending in the Patent Office, and in connection with those 3,000 patent applications pending we prepare on the average 2,100 amendments a year in the prosecution of those applications. The prosecution of an application averages about 4 years, and the preparation of an amendment, the purpose of which is to define the inventive contribution to the art, is a rather time-consuming operation.

Therefore, in addition to preparing patent applications on those inventions which appear to be patentable and which constitute approximately 40 percent of the 1,400 inventions or disclosures received, we have a very considerable workload in the preparation of amendments which seek to obtain the issuance of the patents.

Mr. WIGGLESWORTH. Outside of preparing the amendments, you have nothing to do with the applications over in the Patent Office, do you? That is up to the Patent Office?

Mr. HOSSFELD. The Patent Office determines whether or not the invention described in the application appears to be patentable, and they cite prior patents and publications which have been issued and they send a letter to the attorney, and the attorney, under the rules of practice of the Patent Office, must define the invention described in the patent applications proposed to be patented over patents and publications existing today, and that is a very difficult and time-consuming procedure.

NUMBER OF ATTORNEYS

Mr. WIGGLESWORTH. How many of these 132 people that you ask for in 1953 are to be attorneys?

Mr. HOSSFELD. Do you have those figures, Mr. Edwards?

Mr. EDWARDS. I do not have statistics breaking out the attorneys from the other people. I can provide them. I do not have them with me.

Mr. WIGGLESWORTH. Well, you are coming up here to justify 132 people. If you do not know what they are or what they are to do, I do not know how you can justify them.

Furnish that information for the record, please.

Mr. EDWARDS. Yes, sir.

(The matter referred to is as follows:)

Of the 132 man-years requested, 19 are attorneys; 60 are patent advisers; and 53 are subprofessional and clerical positions.

PERSONNEL INCREASE UNDER DEPARTMENTAL ADMINISTRATION

Mr. WIGGLESWORTH. Departmental administration, activity No. 5, represents how much increase in personnel?

Admiral BOLSTER. Eleven man-years, Mr. Wigglesworth.

Mr. WIGGLESWORTH. How many do you have now?

Mr. EDWARDS. For 1952 we expect 403 man-years.

Mr. WIGGLESWORTH. Four hundred and three?

Mr. EDWARDS. Yes, sir.

Mr. WIGGLESWORTH. You do not think you can possibly get along without these 11 additional people in 1953?

Mr. EDWARDS. They are not 11 new people.

Mr. WIGGLESWORTH. I understood you to say there were 11 additional.

Mr. EDWARDS. We have a staff on board at the present time—we have a group of positions that are filled and unfilled at various times, 420.

Mr. WIGGLESWORTH. You have 420 on board now?

Mr. EDWARDS. No, sir, not on board; that is the total organization.

Mr. WIGGLESWORTH. That is the ceiling which you seem to be striving diligently to reach. I am trying to find what you have on board and what you need.

Mr. EDWARDS. Physically on board, last week it showed 385 actual bodies.

Mr. WIGGLESWORTH. Three hundred and eighty-five on board?

Mr. EDWARDS. Yes, sir.

Mr. WALLESWORTH. With 420 as the ceiling?

Mr. EDWARDS. No, sir: the ceiling at the beginning of the year is 400.

Mr. WIGGLESWORTH. A 400 ceiling?

Mr. EDWARDS. Yes, sir: that is the ceiling established by the Secretary of the Navy.

Mr. WIGGLESWORTH. And you want to go to 396 if you cannot make the 400, is that it?

Mr. EDWARDS. We would very much like to have 400 on board, but cannot quite make it. They stay and leave and come back.

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

ADMINISTRATIVE EXPENSE PERCENTAGE

Mr. SHEPPARD. All right, gentlemen, we will see, computationally speaking, how good businessmen you are.

What was your total appropriation from all sources for the year 1951?

Mr. EDWARDS. The total amount available to the Office of Naval Research, both by direct appropriation and including reimbursable items was $70,500,000.

I would like, if I may, to explain one point. The actual figure was $90,000,000. In 1951 Congress appropriated $20,000,000 to make research contracts longer. It was appropriated specifically for that purpose.

Mr. SHEPPARD. My question is directed to one aspect. Irrespective of from what source or for what purpose you had funds, what was the total amount of money that you had appropriated for the year 1951?

Mr. EDWARDS. $90,536,000.

COST OF ADMINISTRATION

Mr. SHEPPARD. Now, how much does it cost you in your administration; what was the percentage of administering the $90,500,000?

Mr. EDWARDS. $1,941,000.

Mr. SHEPPARD. Break it down into percentage.

Mr. EDWARDS. It would be about 2.5 percent.

Mr. SHEPPARD. You can correct it later when you revise your remarks.

Mr. EDWARDS. Yes, sir.

(The correct percentage 2.1 percent.)

Mr. SHEPPARD. I repeat the same question for the year 1952, with no reservations, meaning all moneys.

Mr. EDWARDS. The total amount of appropriated funds and reimbursements was $83,021,000.

Mr. SHEPPARD. Now, what was your percentage of administrative cost for handling that number of dollars?

Mr. EDWARDS. The percentage was 2.7 percent.

Mr. SHEPPARD. And for 1953?

Mr. EDWARDS. Excuse me, it was 3.2 percent for 1952.

Mr. SHEPPARD. Give me the total and your percentage for administration.

Mr. EDWARDS. The grand total is $87,628,000, including reimbursements, and the percentage for departmental administration is 3.1 percent.

Mr. SHEPPARD. Admiral Bolster, we thank you and your associates very much for your appearance before the committee, and I trust that we will all be present at the time that you present your next budget.

Admiral BOLSTER. Thank you, Mr. Chairman, and members of the committee.

THURSDAY, MARCH 27, 1952.

SERVICE-WIDE OPERATIONS, NAVY

WITNESSES

CAPT. EDWARD R. GARDNER, UNITED STATES NAVY, DIRECTOR, ADMINISTRATION AND PLANS, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

WILLIAM S. STOCK, HEAD, BUDGET AND FINANCE BRANCH, OFFICE OF DEPUTY CHIEF OF NAVAL OPERATIONS (ADMINISTRATION)

COMMANDER JAMES A. CODDINGTON, CIVIL ENGINEERING CORPS, UNITED STATES NAVY, HEAD, SERVICE-WIDE PROGRAMS, OFFICE OF DEPUTY CHIEF OF NAVAL OPERATIONS (LOGISTICS)

H. J. SULKOVSKY, BUDGET ANALYST, OFFICE OF CHIEF OF NAVAL OPERATIONS

CAPT. GORDON L. CASWELL, UNITED STATES NAVY, ASSISTANT DIRECTOR, NAVAL COMMUNICATIONS DIVISION, OFFICE OF DEPUTY CHIEF OF NAVAL OPERATIONS (ADMINISTRATION)

CAPT. ALLEN HOBBS, UNITED STATES NAVY, HYDROGRAPHER OF THE NAVY

CAPT. FREDERICK A. GRAF, UNITED STATES NAVY, SUPERINTENDENT, NAVAL OBSERVATORY

REAR ADM. MILTON E. MILES, UNITED STATES NAVY, DIRECTOR, PAN AMERICAN AFFAIRS AND UNITED STATES NAVAL MISSIONS DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

JOHN H. DILLON, ADMINISTRATIVE ASSISTANT TO THE SECRETARY OF THE NAVY

CAPT. LEWIS S. PARKS, UNITED STATES NAVY, DEPUTY CHIEF, OFFICE OF INFORMATION

REAR ADM. EDWARD W. CLEXTON, UNITED STATES NAVY, ASSISTANT COMPTROLLER, DIRECTOR OF BUDGET AND REPORTS, OFFICE OF THE COMPTROLLER

KEWEUN LeMAY, DIRECTOR, ADMINISTRATIVE SERVICES, OFFICE OF THE DEPUTY CHIEF OF NAVAL OPERATIONS (ADMINISTRATION)

REAR ADM. GEORGE L. RUSSELL, UNITED STATES NAVY, JUDGE ADVOCATE GENERAL OF THE NAVY

J. TRAVIS PRICE, ADMINISTRATIVE OFFICER, OFFICE OF JUDGE ADVOCATE GENERAL

REAR ADM. PAUL B. NIBECKER, UNITED STATES NAVY, DEPUTY CHIEF, OFFICE OF NAVAL MATERIAL

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate	$183,478,000	$150,779,000	$120,000,000
Transferred to—			
"Salaries and expenses, Renegotiation Board" pursuant to Public Law 9		−135,000	
"Signal service of the Army," pursuant to 5 U. S. C. 172	−4,355,800		
Adjusted appropriation or estimate	179,122,200	150,644,000	120,000,000
Reimbursements from other accounts	2,166,800	1,061,500	997,000
Total available for obligation	181,289,000	151,705,500	120,997,000
Unobligated balance, estimated savings (available for administrative reappropriation in subsequent year)	−485,130		
Obligations incurred	180,803,870	151,705,500	120,997,000
Comparative transfer from—			
"Military personnel, Navy"	11,250		
"Ordnance and facilities, Navy"	452,190		
Comparative transfer to—			
"Aircraft and facilities, Navy"	−4,547,771	−984,625	
"Civil engineering, Navy"	−25,517,911	−7,867,487	
"Marine Corps troops and facilities"	−43,495		
"Medical care, Navy"	−102,765		
"Naval personnel, general expenses"	−1,304,165	−271,947	
"Operation and conservation of naval petroleum reserves"	−52,000	−40,000	
"Research, Navy"	−18,826		
"Service-wide supply and finance, Navy"	−2,828,328	−8,416	
"Ships and facilities, Navy"	−11,914,164	−5,173,924	
"Maintenance and operation, Army"	−19,000		
"Research and development, Army"	−2,539,700		
"Salaries and expenses, renegotiation board"	−156,386	−135,000	
Total obligations	132,222,799	137,224,101	120,997,000

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
Direct Obligations			
1. Administrative headquarters for naval districts, bases and stations	$20,884,642	$17,051,931	$16,508,000
2. Joint international projects	232,898	308,000	86,000
3. Service-wide communications	44,548,270	44,890,000	29,063,000
4. Hydrographic office	10,713,427	14,695,000	14,405,000
5. Naval observatory	652,000	705,000	720,000
6. Inter-American affairs	324,000	344,000	353,000
7. Departmental administration:			
(a) Chief of naval operations	3,459,241	3,943,000	3,921,000
(b) Judge advocate general	613,000	690,000	828,000
(c) Executive office of the secretary	6,644,848	7,661,000	7,993,000
8. Printing services and equipment	451,115	377,000	679,000
9. Records administration	1,787,928	1,890,000	1,730,000
10. Area wage and classification offices	733,623	998,000	1,030,000
11. Public information	330,027	492,000	552,000
12. Contingencies of the navy	38,680,980	42,127,000	42,132,000
Total direct obligations	130,055,999	136,171,931	120,000,000
Obligations Payable Out of Reimbursements From Other Accounts			
1. Administrative headquarters for naval districts, bases and stations	835,000	686,670	667,000
3. Service-wide communications	220,000	50,000	50,000
4. Hydrographic office	487,000	145,500	110,000
7. Departmental administration:			
(a) Chief of naval operations	45,472		
(b) Judge advocate general	14,000		
(c) Executive office of the secretary	335,328		
9. Records administration	187,000	170,000	170,000
12. Contingencies of the navy	43,000		
Total obligations payable out of reimbursements from other accounts	2,166,800	1,052,170	997,000
Total obligations	132,222,799	137,224,101	120,997,000

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Summary of Personal Services			
Total number of permanent positions	8,687	9,074	9,120
Full-time equivalent of all other positions	9	17	13
Average number of all employees	7,452	8,636	8,829
Average salaries and grades:			
General schedule grades:			
Average salary	$3,593	$4,030	$4,011
Average grade	GS–5.2	GS–5.3	GS–5.3
Crafts, protective, and custodial grades:			
Average salary	$3,046	$3,364	$3,364
Average grade	CPC–5.7	CPC–5.7	CPC–5.7
Ungraded positions: Average salary	$3,390	$3,552	$3,551
Personal service obligations:			
Permanent positions	$25,657,952	$33,475,039	$34,070,990
Part-time and temporary positions	90,943	151,850	112,351
Regular pay in excess of 52-week base		133,456	143,663
Payment above basic rates	2,073,520	2,109,784	1,541,433
Total personal service obligations	27,822,415	35,870,129	35,868,437
Direct Obligations			
01 Personal services	27,330,167	35,722,329	35,725,437
02 Travel	1,133,604	1,412,273	1,516,505
03 Transportation of things	263,371	103,631	76,506
04 Communication services	2,612,098	3,326,323	3,392,282
05 Rents and utility services	1,491,477	1,445,936	1,544,254
06 Printing and reproduction	3,118,076	4,351,102	4,641,064
07 Other contractual services	52,833,844	50,141,727	49,889,502
Services performed by other agencies	508,721	548,400	740,800
08 Supplies and materials	8,732,850	8,820,344	7,907,408
09 Equipment	31,317,370	29,516,748	15,849,467
10 Lands and structures	738,199	624,448	533,500
11 Grants, subsidies, and contributions	10,473	40,512	41,812
15 Taxes and assessments	65,749	128,158	141,163
Total direct obligations	136,055,999	136,171,931	120,000,000
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	492,248	147,800	143,000
04 Communication services	19,422		
05 Rents and utility services		600	600
06 Printing and reproduction	26,291		
07 Other contractual services	43,030	2,000	2,000
08 Supplies and materials	1,404,701	881,170	830,800
09 Equipment	181,138	20,000	20,000
15 Taxes and assessments		600	600
Total obligations payable out of reimbursements from other accounts	2,166,800	1,052,170	997,000
Total obligations	132,222,799	137,224,101	120,997,000

Mr. SHEPPARD. All right, gentlemen; the committee will come to order.

We presently have before us Capt. Edward R. Gardner, Director, Administration and Plans, Office of Deputy Chief of Naval Operations.

Captain, do you have a prepared statement?

Captain GARDNER. Yes, sir, and I would like to read it for you.

Mr. SHEPPARD. It would accommodate the committee if you would just insert it, and we will proceed to the individual budget activities.

(The statement follows:)

GENERAL STATEMENT OF CAPT. E. R. GARDNER, UNITED STATES NAVY, DIRECTOR, ADMINISTRATION AND PLANS DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Mr. Chairman and gentlemen, the first six budget activities and activity 7 (a) of the appropriation "Service-wide operations, Navy" are administered by the Office of the Chief of Naval Operations and I would like to summarize briefly these budget activities for you.

Actual obligations for these budget activities in fiscal year 1951 were $80,814,478. In fiscal year 1952 obligations are estimated to be $81,936,931. In fiscal year 1952 the budget estimate for these activities is $65,056,000 which is a reduction of $16,880,931 or 20.6 percent below the fiscal year 1952 cost. Reductions have been indicated in all budget activities except for very minor increases in two of the smaller ones.

Budget activity 1, for which a total of $16,508,000 is requested, supports the maintenance and operation of 15 naval district and river command headquarters responsible for the coordination of logistical and operational functions and the inspection of all naval activities within their area of command. It supports five field offices of the Board of Inspection and Survey, nine naval base and two advanced base depot headquarters, of which the naval bases Newport and Pearl Harbor are not merely administrative headquarters but are engaged in the full function of logistic support normally assigned to an operating naval station.

This activity further provides for the support of administrative and security departments at 14 naval stations, and for the support of the port director, Norfolk, and the operational development station, Key West. A reduction of $544,000 is indicated in the 1953 budget, which principally reflects a large cut-back in procurement of nonpassenger automotive vehicles and of construction and weight-handling equipment. The most significant item of increase is the provision for special projects of repair and rehabilitation of a nonrecurring nature at the naval base, Newport. The need for these particular projects has been accentuated by the fact that Newport is being developed as the major destroyer base for the Atlantic area.

Budget activity 2 reflects a cut-back from $308,000 in 1952 to $86,000 in 1953. Support for two major projects of this budget activity—"Planning North Atlantic Treaty Organization" and the "North Atlantic Ocean Area Regional Planning Group"—is no longer a requirement since these functions are to be absorbed into and supported by the international budget and other funds. There remains in this budget activity full support for the Military Standardization Agency, for which in fiscal year 1952 Navy supported only one-third of the cost, but has since been assigned full financial responsibility by the Secretary of Defense. This organization participates in the international standardization program under the North Atlantic Treaty Organization and the United States military representatives serve in the capacity of United States delegates to this organization. In addition, there is provided an item of $25,000 for the education of minor dependents of naval personnel serving on military assistance advisory groups and military aid groups to foreign nations. This sum is required to provide an adequate education for these dependents which might be comparable to that which is normally available in the United States.

Budget activity 3 reflects a reduction of over 35 percent from its fiscal year 1952 funding level. The present request is for $29,063,000 as against $44,890,000 available in fiscal year 1952. This budget activity supports the maintenance, operation, and administration of the naval communication system which includes stations, facilities and units located throughout the world to form an integrated network which provides direct communication to the operating forces wherever deployed and also provides for the Navy's cryptologic operations. This activity also supports the communication departments of 13 naval stations and the Potomac River Naval Command; the Naval Security Station, Washington, D. C.; naval support for joint agencies and projects; and certain other miscellaneous communication functions.

A net reduction of approximately $300,000 has been indicated for maintenance and operation of the communication system supporting the operating forces and the cryptologic effort of the Navy, despite the fact that provision has been made for the activation of two additional facilities in 1953 for the Mediterranean area and the Philippines. This reduction has been effected by a cut-back in projects of repair and rehabilitation at existing facilities.

A reduction of $14,700,000 is shown for the procurement of major equipments. This has been possible because funds obtained in 1951 and 1952 have been sufficient to attain the required level of readiness of the system. The equipment procurement requested in fiscal year 1953 is for the recurring modernization and replacement program and for the cryptologic communication functions.

Some minor increases are provided for miscellaneous communications services such as leased teletype lines and equipment and commercial telegrams, cablegrams, and radiograms. A further significant reduction of $1,000,000 is reflected due to the fact that no further support is required in fiscal year 1953 from this budget activity for the Armed Forces Alternate Joint Communication Center.

Budget activity 4, supporting the Hydrographic Office, includes a request for $14,405,000 which is a reduction of $290,000 from the fiscal year 1952 cost. A total reduction of approximately $1,000,000 in the nautical and aeronautical project has been made possible by the creation of mobilization stocks of charts and publications during fiscal year 1952. This reduction has been partially offset by the increased tempo in requirements for the joint Navy-United States Air Force charting project and the undersea warfare project.

The operations of the nautical and aeronautical project consist of compiling, constructing, reproducing, and distributing nautical and aeronautical and oceangraphic charts and publications to afford maximum safety of navigation to both military and civilian users. The joint Navy-United States Air Force project and the undersea warfare project consist of producing and distributing charts and publications of a special nature for military purposes covering areas of strategic interest.

For fiscal year 1953 the production output of the Hydrographic Office will remain attuned to the increased operational level attained in fiscal year 1952. This allows for some decrease in effort as far as actual printing of charts is concerned, but is partially offset by the strategic projects, increased fleet demands and increasing number of products and widening areas of strategic importance. The two strategic projects continue with high priority. Production effort for these projects requires a predominance of effort on research and compilation rather than pure reproduction.

Prior to 1952 all charts of waters contiguous to United States possessions, and publications of the United States Coast and Geodetic Survey service were obtained free of charge for issue to naval vessels. Beginning with fiscal year 1952 these costs have been borne by the Hydrographic Office as directed by the 1952 appropriation act. This cost for 1953 is estimated to be $810,000, which is slightly less than the amount required for this purpose in fiscal year 1952.

Budget activity 5, supporting the Naval Observatory, requests an appropriation of $720,000 which is $15,000 more than the fiscal year 1952 cost. The Naval Observatory furnishes naval, air and maritime services with astronomical data for safe navigation. It also determines and transmits accurate time signals for the entire Nation. Continuous observations and research are conducted and data published and distributed. The work is of a continuing and stable nature. The principal reason for the minor increase of $15,000 is to accomplish several necessary nonrecurring repair projects which have been recommended on a priority basis by the District Public Works officer. These incude rehabilitation of the wiring system to conform to the code of the District inspector, repairs to the roof of building No. 19 and repairs to certain roadways which are in a hazardous condition.

Budget activity 6, supporting Inter-American Affairs, requests an appropriation of $353,000 which is a $9,000 increase above the 1952 cost. This activity supports the naval commissions, missions, and advisory groups in Latin America; provides for tours, visits, and official representation costs; and for the procurement and distribution of naval training films to the Latin-American navies.

Through these media the Navy strives toward a goal of standardization of training and operaing practices of the Latin-American navies in conformance with United States Navy standards, so that a more effective plan for hemisphere defense will evolve. The minor increases reflected are due to a small increase in maintenance and operating costs of certain of the missions and to a small increase in the training film program.

Budget activity 7(a), supports the departmental costs of the Office of the Chief of Naval Operations. $3,921,000 is requested for 1953 which is a reduction of $22,000 from the fiscal year 1952 cost.

This activity provides the operating support required by the Office of the Chief of Naval Operations, including funds for civilian salaries, travel, communication services, printing, supplies and materials, equipment, maintenance of office spaces, and rental of tabulatng equipment.

The Office of the Chief of Naval Operations is responsible for military planning, direction, and coordination of the naval effort. The major organizational subdivisions cover the fields of executive direction, military personnel, administration, operations, logistics, and aviation. I wish to stress that this is not already an administrative office, but that the major operating divisions are primarily charged with military planning and coordinating responsibilities. This is the staff office which insures that we have a unified naval effort with a proper balance between naval plans and programs, proper emphasis and priorities on the numerous phases of naval operations, and a coordination of effort with our sister services. The increase in the size of the fleet and in the state of naval readiness achieved in the last 2 years has seen a consequent increase in responsibility and work of this office.

For fiscal year 1953 a level of operation comparable to that of fiscal year 1952 is contemplated. The most important changes in the funding program are:

(1) A reduction in printing requirements of the Operations Group due to the proposed accomplishment in fiscal year 1952 of a significant part of the project of revision of the Fleet Tactical and Doctrinal Instructions so that they are in conformance with the Allied Naval Maneuvering Instructions.

(2) A modest increase in printing requirements for the logistics and aviation groups. This is due to an increase in printing costs and in numbers required for distribution and to allow the aviation group to print certain aviation forms designed and controlled by it, but which were formerly provided for by the Bureau of Aeronautics. Also, there are provided some new aviation publications related to the aircraft, air warfare, and guided-missiles programs.

(3) An increase in civilian personnel costs to provide eight additional tabulating equipment operators to undertake new studies on undersea warfare; readiness of advance base components; aircraft evaluation; and air attack in combat areas.

(4) An increase in machine rentals to accomplish the additional statistical studies, and;

(5) A reduction in the requirement for office furniture and equipment.

The net result of these changes in the budget for this activity is the $22,000 decrease in funds requested for fiscal year 1953.

Steps taken to insure accurate budgeting and efficient management

The following is a brief summary of measures taken by the Office of the Chief of Naval Operations to insure accurate budget estimates and efficient management of manpower and funds.

Budget estimates are received from field activities and subjected to close review and scrutiny at the departmental level, first by the Office of the Chief of Naval Operations, and then by the Navy Comptroller and the Secretary of Defense and finally by the Bureau of the Budget.

In some cases actual field investigations are made in which we examine the accuracy and validity of field estimates, sometimes accompanied by representatives of the Bureau of the Budget. These are apart from the continuing surveys, investigations, and inspections of the Naval Shore Establishment conducted by the Naval Inspector General on a Navy-wide basis.

Manpower requirements have been closely scrutinized. We have conducted a continuous review and reallocation of available ceilings to meet most urgent needs first. Fiscal year 1953 manpower has been phased into the end fiscal year 1952 levels. Very minor increases in civilian positions and man-years have been indicated for these budget activities, and in all cases the average cost of a civilian man-year has been budgeted at a figure at or below the fiscal year 1952 cost. This means that all within-grade and other promotions, and wage board increases are proposed to be absorbed. It is planned to do this by recruiting for positions that become vacant at a lower grade and rate of pay than the position originally held.

The following are examples of specific procedures followed:

At the Naval Observatory we have established an Astronomical Council which closely reviews manpower requirements for all programs, and redistributes and adjusts personnel to obtain better utilization. Full advantage is taken of part-time employment to meet temporary needs.

Projects for repair, alteration, and improvement are inspected, reviewed, and approved personally by the Superintendent.

Close control is exercised over travel and printing requirements, and final approval of the Superintendent is required before actual obligations are incurred.

At the Hydrographic Office all production is conducted within a production order system with an associated cost-accounting system. These enable continuous examination of production progress, personal services, and specific job costs. By these means we are able to use our available manpower to get the most for our money. A work measurement program is used to keep administrative work necessary for production within economical and proper limits. The man-years of work needed to accomplish the planned tasks is derived from actual work and production experience records. With ceilings now imposed on personnel, approximately 30 percent of production work is planned for accomplishment by outside contracts with attendant gains in mobilization potential.

In the field of Communications we have developed a program to effect maximum use of available manpower. A work measurement program is under way which provides for a continuing review and analysis of workload and personnel data to determine the relative efficiency of individual stations. This workload data is used as the basis for budget estimates, for establishment of personnel ceiling and to highlight areas requiring management studies. Examples of tentative units of measurement which have been established are:

Relay stations.....Volume of message handling.
Message center.....Volume of message processing.
Crypto center.....Volume of groups encrypted and decrypted.
Registered publications
issuing offices.....Volume of publications handled and corrections made.
Fleet post office.....Number of personnel serviced.

Such variable factors as the following are also taken into consideration: (1) local operating condition; (2) type of equipment used; (3) geographical location; (4) rotation of military personnel; (5) availability of trained personnel, and; (6) military requirements not directly proportionate to volume of workload.

In addition, annual inspection surveys are conducted of all communication activities. These inspection reports serve as the basis for current planning in the administration of the activities. Planned special projects of repair or rehabilitation are critically reviewed for their operational necessity and their relative priority assignment in relation to other projects.

In the area of administrative headquarters we have developed standard staffing organizations for district headquarters and a new functional reporting form which serves as the basis for evaluating personnel staffs at these headquarters both for budget estimating and for ceiling allocation purposes. Staffing requirements for district offices are also discussed with the departmental offices directly concerned with their function, examples are: the physical evaluation boards and the district legal offices.

In several cases, as a result of recent organizational studies, former naval base functions have been consolidated with district headquarters functions with a resultant savings in personnel and funding requirements. Again in this area, field inspections are also undertaken by personnel concerned with budget and management and an evaluation is made through these inspections of their funding requirements.

These are briefly some of the aspects of the management program for our field activities. We undertake the same type of close review and scrutiny of our departmental requirements both for funds and personnel. We attempt, where feasible, to evaluate the workload of particular offices and we undertake a continuous review of overtime expenditures and require detailed justification before approval of such expenditures. Requests for additional personnel are examined to determine the relative importance of the work and the possibility of diverting personnel from programs of lesser importance to those that are more urgent.

The obligated and committed amount under the "Service-wide operations, Navy" appropriation as of December 31, 1951, is $100,019,000. This represents approximately 66 percent of the funds appropriated for this appropriation for the fiscal year 1952. For the budget activities under the cognizance of the Office of the Chief of Naval Operations, which I have just summarized in my statement, the obligated and committed amount as of December 31, 1951, is $55,767,000. This represents approximately 58 percent of the funds appropriated for these budget activities. The balance of these funds will be obligated by the end of the fiscal year.

I would now like each of our program managers to present their budget activities to you and discuss whatever details the committee desires to inquire into.

Mr. SHEPPARD. Mr. Reporter, at this point in the record insert pages 22–2 up to and including page 22–7.

(The matter referred to is as follows:)

APPROPRIATION INTRODUCTION

Budget activity 1—Administrative headquarters, naval districts, bases, stations

The fiscal year 1953 estimates for this budget activity will enable the district headquarters and Potomac River Naval Command, the field offices of the Board of Inspection and Survey and the naval base and advanced base depot headquarters to maintain approximately the level of normal operations attained in fiscal year 1952. Total requirements for district headquarters and Potomac River Naval Command are less in fiscal year 1953 because of a decrease in estimated maintenance costs. Total requirements for the naval bases and advanced base depots are higher in fiscal year 1953 principally because of the increase in rehabilitation and repair projects of a nonrecurring nature which must be undertaken at Naval Base Newport. The fiscal year 1953 estimate provides for a slightly higher level of operations at naval stations.

Budget activity 2—Joint international projects

This budget activity will provide for the full support of the Military Standardization Agency which heretofore was jointly supported by equal contribution of the Army, Navy, and Air Force; and the support of a dependent schooling program of Department of the Navy personnel assigned to certain overseas activities. It is significant that two projects, Planning, North Atlantic Treaty (PLANAT) and the North Atlantic Ocean Regional Planning Group (NAORPG) are not provided for in fiscal year 1953 inasmuch as their functions are to be absorbed into international commands and supported by other funds.

Budget activity 3—Service-wide communications

This budget activity provides for maintenance, operation, and administration of the naval communication system; communication departments of 13 naval stations and 1 river command; the Naval Security Station, Washington, D. C., the Navy's share of communication support for specified joint agenices and projects; procurement of communication and electronic equipments and nonpassenger carrying vehicles; cryptologic operations; leasing of commercial equipment and facilities; costs of commercial telegrams, cablegrams, and radiograms for naval activities. The fiscal year 1953 estimate indicates a reduction of approximately 35 percent below the fiscal year 1952 level. This is due to: (1) Exclusion of procurement of communication mobilization reserve equipments; (2) exclusion of support for the alternate joint communication center; (3) decrease in the costs of maintenance and operation of the system partially offset by the costs of installing new equipment scheduled for delivery during the fiscal year. The reduction however will not restrict the capacity of the naval communication system to continue to meet the particular requirements of the naval operating forces for which the system has been designed and uniquely adapted.

Budget activity 4—Hydrographic Office

The operations of the Hydrographic Office fall into two broad categories—regular and strategic. The regular operations consist of compiling, constructing, reproducting and distributing nautical, aeronautical and oceanographic charts and publications to both military and civilian users. The strategic operations consist of producing and distributing charts and publications of a special nature for military purposes covering areas of strategic interest. The joint Navy-USAF charting program and the undersea-warfare program comprise the major effort under the strategic operations. Since these latter two programs are classified their detailed description and presentation will be made orally at appropriation hearings. The fiscal year 1953 estimate for the nautical and aeronautical charting projects provides a reduction of approximately $1,000,000 from the fiscal year 1952 cost. This reflects the attainment of reserve mobilization level requirements and a consequent decrease in effort in the actual printing of charts. This reduction is partially offset by the increased tempo in requirements for joint Navy-USAF charting project and the undersea warfare project.

Budget activity 5—Naval Observatory

The Naval Observatory furnishes the Nation's naval, air, and maritime services with astronomical data required for their safe navigation and determines accurate time and transmits time control signals for the entire Nation. In addition, it conducts continuous astronomical observations and research and pub-

lishes and distributes the results thereof. The work of the Naval Observatory is of a continuing and stable nature, and no significant changes in purpose and magnitude are anticipated for fiscal 1953.

Budget activity 6—Inter-American affairs

The fiscal year 1953 estimate for this budget activity provides a minor increase over 1952 requirements. This activity supports three basic programs: (*a*) Administrative support (including maintenance and operations) of the naval commissions, missions or United States advisory groups located in Latin-American countries; (*b*) a program of tours, visits and official representation, both in the United States and Latin America, for ranking officials and naval personnel to promote good will between the United States and Latin-American countries through personal and informal exchange of ideas; (*c*) a program for procurement, translation and distribution of selected United States Navy training films for standardization of naval operating procedures and instruction.

Budget activity 7—Departmental administration

A. *Chief of Naval Operations.*—The Chief of Naval Operations has primary responsibility of command of the operating forces and responsibility for their readiness for war. This responsibility includes determination of the personnel and material requirements of the operating forces, including the order in which ships, aircraft, surface craft, weapons and facilities are to be constructed, maintained, altered and overhauled. The estimate for fiscal year 1953 provides a reduction of $22,000 from the 1952 cost. This results from a significant decrease in the cost of printing due to accomplishment of major revision in 1952 of tactical and doctrinal instructions and a reduction in requirement for equipment. Some offsetting increase occurs in the need for additional IBM studies in areas of undersea warfare, readiness of advance base componets, and air attack in combat areas.

B. *Judge Advocate General.*—The Office of the Judge Advocate General has now completed approximately 7 months of operation under the Uniform Code of Military Justice. Experience to date sustains the premise upon which the estimates for 1952 were based—that the code provisions would approximately double the work required in the processing of each court martial case. This fact, coupled with an increase of nearly 20 percent in the number of cases tried, has resulted in a situation where the available manpower has been constantly struggling against backlogs. At the close of the recorded period, the review of court martial cases is not on a current basis, even though overtime was employed to the maximum extent possible within available funds. During the second half of the fiscal year 1952, and throughout 1953, no let-up in the volume of this business may be anticipated so long as the size of the standing Navy is not reduced. It may certainly be predicted that should the Navy be expanded, this work will also increase.

C. *Executive office of the Secretary.*—This activity supports the salaries and administrative expenses of 17 organizations comprising the executive office of the Secretary whose responsibilities include (1) development of policies and procedures relating to the procurement, production, and utilization of materials and facilities, (2) administration of Navy's civilian personnel, (3) financial administration, (4) provision of legal services in the field of commercial law, (5) management and administrative services, and (6) disposition of matters involving military personnel with respect to honors, retirement, discipline, and promotion. Estimates for fiscal year 1953 amount to $7,993,000 as compared to $7,661,000 for fiscal year 1952. High lighting the planned change in program is the employment of 29 additional personnel in the Office of Naval Material primarily to assist in expediting production to assure that planned deliveries of materials do not lag behind schedule, and to emphasize further the spreading of procurements to small business and the distressed areas.

Budget activity 8—Printing services and equipment, executive office of the Secretary

Support is provided for (1), procurement for Navy-wide distribution of those Navy Department, Department of Defense, and standard Government forms which are directed to be used to facilitate the administration of programs under the cognizance of the executive office of the Secretary; (2), the Navy directives system which requires the printing and Navy-wide distribution of instructions and notices applicable to a major portion of the Naval Establishment; and (3), procurement of printing equipment required to maintain necessary production

levels to meet increased service demands made on the defense printing service, Washington, and the Navy printing service, field. The largest portion of the $302,000 increase in this request is due primarily to the addition to this program of equipment procurement for the Navy printing service, field, and the installation of a new and more comprehensive directives system.

Budget activity 9—Records administration

This activity supports the expenses of the five naval records management centers, where inactive and semicurrent records of the Naval Establishment are stored and serviced until they can be disposed of, in accordance with predetermined schedules, by transfer to the National Archives or otherwise. The activity also supports the 11 district records management offices located at district and river command headquarters to assist the operating forces in controlling the creation, maintenance, and use of records in the conduct of current business. The estimate for 1953 is $160,000 less than the 1952 estimate due primarily to the transfer of the Navy civilian personnel records to the custody of the Federal Records Center, St. Louis, Mo., operated by the General Services Administration.

Budget activity 10—Area wage and classification offices

The 11 area wage and classification offices are, within their respective geographical areas, responsible for final classification action on all field positions subject to the Classification Act of 1949. These offices make job analyses of wage board positions, furnish guidance for locality wage surveys, collect trade and occupational information, and assist naval activities in the solution of wage problems. No substantial change is anticipated in this program for fiscal year 1953.

Budget activity 11—Public information

Provision is made for the support of (1) those prorated costs of the Office of Public Information, Department of Defense, assessed against Navy; (2) costs incurred in the production and/or procurement of information motion-picture films; and (3) the Fleet Home Town News Center which provides "home-town" newspapers of naval personnel with personalized news stories on their naval activities. The increase of $60,000 in the 1953 estimate is attributed primarily to increased costs of the Department of Defense information program.

Budget activity 12—Contingencies of the Navy

Funds are included for (1) travel of Members of Congress in connection with inspection of naval activities, (2) expenses in connection with official functions such as visits of distinguished guests, and (3) extraordinary military expenses.

Administrative Headquarters for Naval Districts, Bases, and Stations

Mr. Sheppard. We will now take up budget activity No. 1. Your estimate for this activity, "Administrative headquarters for naval districts, bases, and stations" is reflected as $16,508,000 for 1953, and in 1952 you had $17,051,931, and it is broken down into eight subactivities, 1–A, "Naval district and river command headquarters," for which your estimate in 1953 is $8,254,480, and in 1952 for the same operation you had $8,455,363. We will insert the table on page 22–10.

No.	Project	1951 actual	1952 estimate	1953 estimate
1A	Naval district and river command headquarters	$8,593,018	$8,455,363	$8,254,480
1B	Boards of inspection and survey	104,956	135,100	138,000
1C	Naval bases and advanced base depots	4,139,349	3,220,517	3,716,958
1D	Naval stations	4,425,356	4,265,462	4,351,162
1E	Procurement of automotive (nonpassenger) vehicles	1,319,099	325,595	0
1F	Procurement of construction and weight handling equipment	646,038	649,894	47,400
1G	Commander, Naval Forces, Far East	670,899	0	0
1H	Naval units trust territories	985,927	0	0
	Total direct obligations	20,884,642	17,051,931	16,508,000

UNEXPENDED BALANCE

The unexpended balance of fiscal year 1952 funds as of December 31, 1951, is $20,893,946. This includes funds transferred in the 1953 budget to other appropriations.

Mr. SHEPPARD. Please present briefly your requirements for that amount of money.

Captain GARDNER. Mr. Chairman, I would like to have or program manager present those details.

Commander CODDINGTON. The funds that are being requested for the district commandants are to support regular maintenance and operations of 15 staff headquarters, one of the 15 being the Potomac River Naval Command, which is classed in the same category.

These funds are for the support of the regular maintenance and operations of the personnel assigned to these headquarters to provide for civilian salaries, office equipment, supplies, and travel costs for the various inspections to be performed and to maintain office space in which the staffs are located.

Prior to the new budget structure, the district commandant had become involved in the support of numerous operating functions which had distorted the budget picture.

Under the present plan and budget structure we have made efforts to assign the numerous miscellaneous functions to the proper operating activity and to limit the requirements of the commandants to those needed for their immediate headquarters.

This realinement has been completed everywhere except in the Fourteenth Naval District.

Mr. SHEPPARD. What has occurred there?

Commander CODDINGTON. We are still conducting organization studies in the Fourteenth Naval District which have not yet been implemented. It is estimated that in a matter of 3 to 4 months the Fourteenth Naval District headquarters will be brought in line with the remainder of them.

The funds that are requested under this program are sufficient for the operation of the district staff headquarters.

REDUCTION IN FUND REQUIREMENTS

The primary reason for the reduction in the total cost as compared with the total fiscal year is the stabilization of the staff requirements and reduction in the requirements of furniture and office equipment and supplies previously required for expanding offices.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. On the record.

EMPLOYMENT

Reflected on page 22–17 I see a District breakdown under your subproject 1A, which reflects your total costs for 1951, 1952, and 1953, your civilian salaries, military and civilian travel, supplies, equipment, and all other costs.

Now, give me a breakdown of the number of civilians that you have and also the number of military that you have on board in order that

I may follow through and see how you arrived at these costs because obviously you had to base them on personnel when you arrived at your civilian salaries.

Commander CODDINGTON. The 1951 total positions, 1,441.

Mr. SHEPPARD. These are civilians?

Commander CODDINGTON. These are civilians—1,360 man-years.

For 1952, total positions, 1,465; man-years, 1,399.

For 1953, positions, 1,459; man-years, 1,419.

Mr. SHEPPARD. In reality that rounds out the six less positions?

Commander CODDINGTON. Yes.

EQUIPMENT REQUIREMENTS

Mr. SHEPPARD. What are you going to do in the category of equipment in 1953 where it is reflected that you want to spend $314,527?

Commander CODDINGTON. That equipment is for the gradual replacement of over-aged equipment for the various district headquarters.

Mr. SHEPPARD. Do you have a shopping list on that so that you can indicate the type of equipment? Give me three or four examples.

Commander CODDINGTON. We do not have a detail shopping list, but the type of equipment is typewriters, and so forth.

Mr. SHEPPARD. It is all office equipment, is it?

Commander CODDINGTON. All office equipment—not production equipment or stock equipment.

Mr. SHEPPARD. What is the line of demarcation? This is all office equipment and has nothing to do with production equipment whatsoever?

Commander CODDINGTON. That is correct, sir.

Mr. SHEPPARD. What is there that is new under this presentation that has not been of a continuing character heretofore examined by our Appropriations Committee? What innovations and interjections have you had in the policy functions?

Commander CODDINGTON. We have no new functions. No new programs are involved.

Mr. SHEPPARD. I presume that you have either with you or in the confines of your office a detailed justification of your request for $8,254,480? Is that correct?

Commander CODDINGTON. Yes.

BOARDS OF INSPECTION AND SURVEY

Mr. SHEPPARD. We will take up the next subject matter, "Boards of inspection and survey." Your request is for $138,000. In 1952 the estimate was $135,100.

You will make a brief presentation of your funds requested here.

Commander CODDINGTON. The funds required under this project are to support administrative office costs, civilian salaries, and travel. The boards of inspection and survey report directly to the President of the Board of Inspection and Survey, who is on the staff of the Chief of Naval Operations. These boards in the field are responsible for inspections and trials of vessels and aircraft, so that reports can be made to Congress as to the condition of same.

TRAVEL REQUIREMENTS

It is noted that the travel requirements form a large percentage of the total requirements for this project.

Mr. SHEPPARD. Why?

Commander CODDINGTON. This condition is produced by the fact that there are only five subboards in the field, whereas the ships or aircraft may be located at widely scattered points requiring the board to travel to the location of the ship.

Mr. SHEPPARD. In the operation of these boards you state there are five involved in your total; is that correct?

Commander CODDINGTON. Five boards that have been set up as activities of the Navy.

Mr. SHEPPARD. For which you are justifying funds?

Commander CODDINGTON. For which we are justifying funds.

Mr. SHEPPARD. What is the composition of those boards?

Commander CODDINGTON. Those boards are composed of 6 to 13 naval officers and 3 to 7 civilians. The civilian personnel are used primarily for writing up the inspection reports of the inspections made by the military personnel.

Mr. SHEPPARD. How many of these boards operate from a permanent destination in different geographical areas, or do they all operate out of the headquarters here in Washington?

Commander CODDINGTON. All five of the subboards operate from specific field locations.

Mr. SHEPPARD. Then, in covering your travel costs that you have referred to, as compared with the others, I assume that those people would be working within the area and would not be called upon to overlap into other regions; is that correct?

Commander CODDINGTON. In answer to that point, sir, there is another condition of travel which comes up from time to time where a subboard may be inspecting a ship that is part of the operating forces. The ship will be required to move, and the subboard finds itself quite a few miles from where they started out.

Mr. SHEPPARD. You mean at sea?

Commander CODDINGTON. They will end up in another port after going to sea. All other travel is performed from a definite base of operation.

CIVILIAN EMPLOYMENT

Mr. SHEPPARD. I would like for you to supply for me the same category of explanation as to the civilians which you did for the previous activity, the total civilians for 1951, 1952, and 1953.

Commander CODDINGTON. In 1951, for all 3 years, the man-years and the positions are the same; 1951 is 16, 1952 is 19, and 1953 is 20.

Mr. SHEPPARD. What is the total military personnel involved even though their salaries are not reflected here? I would like for you to supply that information for the previous item.

Commander CODDINGTON. I will insert that for the previous item.

Military personnel under project 1–A

1951	1,519
1952	1,697
1953	1,697

Commander CODDINGTON. The military personnel for project 1-B, 39 officers and 2 enlisted for 1952; also the same amount estimated for 1953.

EQUIPMENT

Mr. SHEPPARD. I notice that your equipment column is reflected on page 22-19 and it runs pretty much the same. There is a very slight deviation in there. What does that mean? Does it mean that you have a specific amount of equipment that is involved for procurement purposes that runs reasonably comparable in 1951, 1952, and 1953?

Commander CODDINGTON. That is an estimate based upon field requirements for continuing operations. In other words, there is no equipment itself that is consumed in the operations. It is the annual cost of that item in continuing these operations.

Mr. SHEPPARD. What would fall under the category of "All other costs," as reflected on the last column to the right on the page that I have referred to?

Commander CODDINGTON. That would include such items as communication services, rents, and utility services, printing, and a very minor amount of contractual services.

Mr. SHEPPARD. Considering the amount of money, I would think that the word "minor" is quite apropos; $400.

Commander CODDINGTON. Yes.

Mr. SHEPPARD. What contracting can you do on a $400 basis.

Commander CODDINGTON. Well, this would not be a construction contract, or anything of that kind, but minor expenses that are classified under object class 07.

Mr. SHEPPARD. Define object class 07.

Mr. STOCK. It could be a printing contract for a small amount of printing, or it could be something for stenographic services, or something like that that might come up in a rush period.

Captain GARDNER. Or running a special test of some kind.

Mr. SHEPPARD. What innovations or what specific new activity, if any, is involved in your request for $138,000 that we have not had heretofore?

Commander CODDINGTON. There are no new functions. However, a subboard of inspection and survey was established during the fiscal year 1952, which will be supported for the entire fiscal year 1953.

NAVAL BASES AND ADVANCE BASE DEPOTS

Mr. SHEPPARD. We will take up item 1-C, "Naval bases and advance base depots." You are asking for $3,716,958 in 1953. Your estimate for 1952 was $3,220,517. There is an increase in this item. You will please present your justifications.

Commander CODDINGTON. The naval bases and advance-base depot headquarters are essentially the same except that the latter is just a special type of the first. Both of them are administrative headquarters for the coordination of the operations and logistic support of shore activities which collectively comprise a naval base.

The naval advance depot is a specialized type of naval base that deals not with support of the forces afloat, but rather with the training and outfitting of personnel for advance bases.

The naval base at Pearl Harbor and the naval base at Newport are at present operating organizations and not purely administrative type organizations as in all other cases.

This situation has been under study for several months and plans are now in progress for the reorganization of the shore activities in both these areas.

When these reorganizations have been completed the naval base headquarters in both of these localities will be reduced to administrative commands.

The funds for the support of the headquarters are for civilian salaries, office expenses, supplies and equipment, except in the case of Newport and Pearl Harbor, where the funds are also to support the maintenance and operation of buildings, utilities, roads, waterfront structures and all other facilities that belong to the shore activities.

Mr. SHEPPARD. Literally this covers a total of 11 bases of which 2 are indicated as being advance bases; is that correct?

Commander CODDINGTON. That is correct, sir.

EMPLOYMENT

Mr. SHEPPARD. I wish that you would give me the total civilians, both by individuals and man-years, for 1951, 1952, and estimated for 1953, and the military.

Commander CODDINGTON. The civilian positions, 1951, 491; man-years, 377.

1952, positions, 497; man-years, 476.

1953, positions, 514; man-years, 487.

My military positions are broken down here. I can furnish the total of those positions, military billets, for the record.

Military personnel under project 1-C

1951	380
1952	531
1953	531

Mr. SHEPPARD. That covers the total, of course, of all the bases referred to here?

Commander CODDINGTON. Yes.

Mr. SHEPPARD. Are there any innovations or new functions interjected into your subtitle 1-C for which you are presently making requests that deviate from policy and procedure and general functions that were heretofore testified to before this committee in your previous budget?

Commander CODDINGTON. There are no new functions that have been added. However, the level of operations in the Newport area is being increased by the development of that area as the main east coast destroyer base.

We are supporting operating costs in that area for the maintenance of these structures, utility systems, and so our costs have been budgeted for at a higher level. The main difference in cost, however, is for an increased amount for rehabilitation projects of utility systems.

Mr. SHEPPARD. I was under the impression from the testimony of the Bureau of Yards and Docks—and I do not have the testimony before me, that they had taken cognizance of the maintenance, repair, and so forth.

Commander CODDINGTON. That is true in general, sir, but Newport, as I pointed out previously, is one of the exceptions right now.

Mr. SHEPPARD. You still have the maintenance of that particular station while there has been a change of cognizance in the others?

Commander CODDINGTON. That is correct.

Mr. SHEPPARD. Is this the only one?

Commander CODDINGTON. The naval base, Pearl Harbor.

Mr. SHEPPARD. There are two of them.

Commander CODDINGTON. Yes.

Mr. SHEPPARD. I think in your terminology that you used a moment ago you used the word "construction." If you did, am I to assume from that that you have funds in here for construction purposes as such?

Commander CODDINGTON. No, sir; there are no funds in here for construction purposes as such.

We have funds in here for rehabilitation projects at existing facilities.

Mr. SHEPPARD. There is no new construction in your presentation?

Commander CODDINGTON. No, sir.

NAVAL STATIONS

Mr. SHEPPARD. We will take up the next item, 1–D, "Naval stations." Your request for 1953 is $4,351,162. In 1952 it was $4,265,462. There is a slight increase in this operation. You may make your presentation for this requirement.

Commander CODDINGTON. The funds for the support of naval stations covers expenses for civilian salaries, administrative office costs, equipment and supplies for the administration and security departments of naval stations under the management and control of the Chief of Naval Operations.

The Administration Department has as its main function the industrial relations office and the civilian personnel operations for the entire station and in numerous cases for other small activities in the area.

The Security Department has two main functions—the fire department and the security guard system. These two groups serve not only the entire naval station, but again provide security for numerous other activities that may be within the boundaries of the naval station, or may be even somewhat removed. Considerable study has been given over the last several years to the development of consolidated fire departments with the idea of reducing total costs to the Navy, providing better training, better protection and more flexibility in operation, so that people can be shifted around to take care of absentees from other small departments.

Mr. SHEPPARD. While you have been making these studies have you actually effected your conclusions so that they are applicable to the budget now under consideration, economically speaking?

Commander CODDINGTON. So far as the dollar and cents comparison is concerned, I do not have any data on that. The development has been gradual. It has been mixed up with the disestablishment and the reestablishment of activities from time to time so that for the period that has been confined to the study, there is no sound comparison from year to year. The relationship of the Navy's fire protection

to the municipal fire protection in the vicinity has been given very close study, and in general we find the people in the field activities have tendencies to build up their own fire department whereas the representatives of the Chief of Naval Operations have been very diligent in giving full consideration to the availability of municipal protection.

Mr. SHEPPARD. I think that your station command would be the one who would know. You have many municipalities throughout the United States today that have very rigid regulations, both legal and otherwise, whereby fire departments are absolutely prohibited from going outside the city limits. You will find that that exists in many, many municipalities throughout the country. It would occur to me that the basic problem that you have there, insofar as adjusting yourselves to the municipalities is concerned, would be that of determining at the local level whether or not they could legally do that. I know whenever they can—and I have personally witnessed it—they have gone to the assistance of the military on fires. But I have seen other cases when they have not, not because of a lack of desire, but because of the fact that they have certain laws within the municipality that would prohibit it.

Commander CODDINGTON. That particular point is taken into consideration in determining the availability of the municipal fire departments as contrasted with just a survey of physical equipment.

Mr. SHEPPARD. In other words, you undoubtedly find yourselves confronted with the fact that where you can effect certain consolidations geographically, you will find other geographical areas where you cannot accomplish the same purpose.

Commander CODDINGTON. Yes. Each area must be considered on its own merits.

Mr. SHEPPARD. What, if anything, is new in activity 1–D that has not previously been presented to the committee? Have there been any new interjections?

Commander CODDINGTON. There have been no new programs or functions added to this project.

EMPLOYMENT

Mr. SHEPPARD. Give me the total civilian for 1951, 1952, and 1953, and the military.

Commander CODDINGTON. The civilian figure for 1951, positions, 979; man-years, 922.

For 1952, positions, 1,036; man-years, 997.

For 1953, positions, 1,036; man-years, 1,011.

The military totals will have to be furnished for the record.

Military personnel under project 1–D

1951	413
1952	487
1953	487

PROCUREMENT OF AUTOMOTIVE, NONPASSENGER VEHICLES

Mr. SHEPPARD. You have no request for this item in 1953. You did have $325,595 in 1952.

The committee has been reviewing the vehicle-procurement aspect rather closely, and we have been doing it in the passenger category.

Have you expended all the funds that were given to you in 1952 for your motor vehicles, and do you have them?

Commander CODDINGTON. We do not have them.

Mr. SHEPPARD. How much of your fund of $325,595 have you contracted for, or has been contracted for by another agency?

Commander CODDINGTON. We have committed all our funds to the Bureau of Yards and Docks. I do not have data available as to the exact amount of contractual obligation that has been made by that Bureau.

Mr. SHEPPARD. Did you commit it all as soon as it was available, or did you do it piecemeal, proportionately speaking, or otherwise?

Commander CODDINGTON. It was committed for automotive equipment all at one time.

Mr. STOCK. The appropriation status report at the end of February shows that the funds have been committed. I do not know the exact date. At the end of February they had the money and were told to proceed with the contractual arrangements.

Mr. SHEPPARD. Have you received any delivery as a result of your appropriation of $325,595?

Commander CODDINGTON. To the best of my knowledge, there have been do deliveries made to date under those particular contracts.

Mr. SHEPPARD. I ask you, Admiral, is this one of those situations in which this Bureau has requisitioned vehicles in the category referred to, to the Bureau of Yards and Docks, the procuring agency, and in turn the Bureau of Yards and Docks has sent it over to the Army and the results emanating from this expenditure are in the category that we had a rather lengthy discussion about yesterday with Yards and Docks?

Admiral CLEXTON. That is correct.

Mr. SHEPPARD. What is happening because of the delay in your procuring the automotive equipment which is listed in the subactivity. In other words, you have received the money, so what are the results of your not receiving the equipment? When you came originally for your $325,595 you were justifying the necessity for having those funds because of obsolescence and whatnot that goes into the elimination of existing vehicles in the category that we have here. What has actually happened because you have not gotton your automobiles? What has been the result? Have you been operationally hurt or inconvenienced? What has occurred to you? It is obvious, as far as I am concerned, that if you needed this money then you must have had some repercussions by not receiving the equipment now.

EFFECT OF DELAYED PROCUREMENT OF MOTOR VEHICLES

Commander CODDINGTON. All of the vehicles were to be for replacement purposes, to get old worn-out equipment off the roads. The result of continued delay in replacement has been the expenditure of funds on trying to patch up the equipment which has long since passed its economical life.

Mr. SHEPPARD. This really presents a rather intriguing situation from an appropriation point of view. At the time that you made the presentation for replacement I would assume that you lessened your request for overhaul and repair. That is a reasonable assump-

tion on my part. If that did occur, then I am bound to ask you where did you get the money to perform this excessive repair operation?

Commander CODDINGTON. The money for repair of the old equipment has been diverted primarily from funds that were set up for the maintenance of buildings and facilities. The primary locations were we still have the responsibility for automotive equipment are in Newport and Pearl Harbor, where we also maintain structures, utilities, roads, and water-front structures.

The operation of vehicles in supplying fleet demands when ships are temporarily in port and in transporting people from point to point usually get priority over funds that are required for the economical upkeep of structures. The net result is that structural maintenance is diverted to automotive maintenance.

Mr. SHEPPARD. In other words, your money is being diverted from one operation to another because of unforeseen conditions that are being foisted upon your operations by the judgment, be it good, bad, or indifferent, of someone else?

Commander CODDINGTON. That is correct, sir.

AUTHORITY FOR TRANSFER OF FUNDS

Mr. SHEPPARD. I will address my next question to you, Admiral Clexton.

Is there authority in existence for that type of operation—taking funds from repair, maintenance, and so forth, of physical properties, hypothetically warehouses and various and sundry other operations, roads and utilities, and applying them to the motor vehicle concept?

Admiral CLEXTON. The Chief of Naval Operations will each quarter send an allotment to the commanding officer of the stations that we are discussing, and that allotment will be to cover the maintenance of the roads, buildings, utilities, and the operation of his motor vehicle pool, and the purchase of water and fuel, and things of that sort, all in the housekeeping functions of the headquarters.

Now, the commanding officer is supposed to make the most of that money and do the best job that he can for the fleet.

He had probably planned to receive a new vehicle, we will say. He still has the services of the fleet to perform, and the vehicle that he had planned to get has not arrived, so he must divert some of his money from his allotment to the upkeep of that vehicle in order to carry on his job.

In that way, I believe, we have the authority to do that. It is all within the same activity and in most cases within the same subactivity of an appropriation.

Mr. SHEPPARD. Assuming—and this purely is an assumption at the moment—that we found in this particular station X, where this had to be effected in order for the local command to have operational equipment that in the following year for the maintenance of buildings, roads, and so forth, there was an additional $140,000 or $200,000 because of deterioration that had taken place in excess of what would have taken place had their funds been applied to the maintenance of the physical properties, is that within the realm of reasonable thinking, or not?

Admiral CLEXTON. If he is keeping the maintenance of his buildings at a fairly standard condition, he would have to have additional maintenance the following year.

Mr. SHEPPARD. I am not at liberty to speak for either one of my colleagues in an issue of this character, but the next time I see this kind of an operation there is not going to be any transferability if I can prevent it. If the justification is presented to the committee based upon a legitimate requirement, I think it is incumbent upon the Congress to ascertain whether or not the money is being expended for the object for which it was justified. I am not saying that the money is being misspent, but I do believe that we ought to have enough credence in the requirements of justifications that are presented to us to obviate a circumstance of this kind.

Now, this whole situation ties into the premise that we discussed with Yards and Docks, and it relates to the motor vehicle situation.

Admiral CLEXTON. That is correct.

Mr. SHEPPARD. This is just an additional repercussion, an additional cost, and so forth, that is resulting from a lot of stupidity, and you know it as well as I.

Admiral CLEXTON. This has happened throughout the entire Navy, as you will recall, in everyone's appropriations for motor vehicles.

Mr. SHEPPARD. If this is what is going to be the general offspring of this so-called centralized procurement, and if we were to shake down the whole operation of procurement and find it somewhat comparable in other categories, we might possibly go back to the individual procurement and save the taxpayers a lot of money, if this is a criterion.

PROCUREMENT OF CONSTRUCTION AND WEIGHT-HANDLING EQUIPMENT

Mr. SHEPPARD. We will take up "Procurement of construction and weight-handling equipment." You are requesting $47,400 in 1953. You had $649,894 in 1952. You will present your justifications for this requirement and define them, please.

Commander CODDINGTON. The requirements for this project are for the replacement of equipments falling within this category. The equipment is all being procured for the naval base at Newport for the Public Works Department which we are still supporting in that area.

Mr. SHEPPARD. We will insert the tabulation on page 22–29 in the record at this point.

(The tabulation referred to is as follows:)

Type	Inventory, June 30, 1952	Replacement, 1953	Cost	Inventory, June 30, 1953
Crushing, mixing, batching and paving equipment	7	0	0	7
Drilling, blasting, and driving equipment	10	3	$17,487	10
Excavating grading and weight-handling equipment	24	1	22,767	24
Miscellaneous construction and utility equipment	31	4	3,020	31
Total	72	8	43,274	72

Total cost of equipment	[1] $43,274
Cost of transportation	4,126
Total	47,400

[1] The basic cost of each item of equipment has been reduced in anticipation of receiving an average trade-in of $403 per unit.

MISCELLANEOUS CONSTRUCTION UTILITY EQUIPMENT

Mr. SHEPPARD. Would you define the miscellaneous construction utility equipment that you refer to?

Commander CODDINGTON. There are four items under miscellaneous equipment, one electric arc welder and three pumps.

Mr. SHEPPARD. I note in your footnote that you contemplate getting an average trade-in value of $403 per unit that you are requesting by new procurement.

Commander CODDINGTON. That is correct, sir. That is average for the total of eight units.

Mr. SHEPPARD. This item has to do with mechanical devices exclusively and does not include personnel of any character?

Commander CODDINGTON. That is correct, sir.

Mr. SHEPPARD. There is no new departure in the procedure of your procurement operations as they relate to item 1–F?

Commander CODDINGTON. There are none.

COMMANDER, NAVAL FORCES FAR EAST

Mr. SHEPPARD. We will take up item 1–G, "Commander, naval forces, Far East." There is no request for 1953. The last request reflected was in 1951. Do you have any unexpended balances from your 1951 account?

Commander CODDINGTON. For this program; no, sir.

Mr. SHEPPARD. Has this program been completely eliminated?

Commander CODDINGTON. This was an emergency program which developed during the very early days of the Korean situation which has been taken care of subsequently by providing operating costs in the regular appropriations.

Mr. SHEPPARD. I presume that in your next budget this item will not be reflected at all?

Commander CODDINGTON. That is correct.

NAVAL UNITS TRUST TERRITORIES

Mr. SHEPPARD. We will take up item 1–H, "Naval unit trust territories." I find that there is no estimate for 1953 or 1952. In 1951 you had $985,927. What is the status of that fund? Has it all been expended, or do you still have a balance left?

Mr. STOCK. That has been obligated in full.

Mr. SHEPPARD. I assume in your next budget there will be no reflection of this.

Mr. STOCK. That is correct, sir.

Mr. WIGGLESWORTH. From the over-all standpoint, Admiral, as compared with $150,644,000 for 1952, you are requesting $120,000,000 in 1953.

I note, however, a footnote in respect to the $120,000,000 that indicates that $18,505,000 for activities transferred to other appropriations have been excluded.

Does that mean, for comparable purposes, we should add the $18,505,000 to the $120,000,000?

Admiral CLEXTON. No, sir. That is done in order to make the $130,000,000 in 1951, and $136,000,000 in 1952 and the $120,000,000 in 1953 comparable. Each one of those dollars has the same things in it.

Mr. WIGGLESWORTH. Stating the matter the other way around, you would arrive at the same results for comparison if we deduct the $18,505,000 from the $150,644,000 provided in 1952?

Admiral CLEXTON. That is correct.

Mr. WIGGLESWORTH. So in effect there is a difference of about $16,000,000 here.

OBLIGATIONS, EXPENDITURES AND BALANCES

I understand as of December 31 last you had obligated $72,789,650 of your 1952 appropriation.

I would like to ask what your actual expenditure figure is as of that date.

Mr. STOCK. As of December 31 the actual expenditure figure was $62,767,000 for the entire appropriation.

Mr. WIGGLESWORTH. And you estimate a carry-over as of June 30, 1952, of $51,562,020, and as of June 30, 1953, $39,266,890, and it appears from the statement of the Secretary of Defense that $29,000,000 of the latter figure is in repect to undelivered communications equipment, and the balance of $10,00,000 is in respect to travel and other administrative expenditures incurred in the fiscal year 1953.

PERSONNEL

From an over-all standpoint, as I understand it, your civilian personnel over-all for the Department in terms of man-years was 1,874 in 1951; 2,128 in the fiscal year and an estimated 2,164 in 1953. In the field the corresponding figures are 5,569 in 1951, 6,490 in 1952, and 6,652 for 1953.

Admiral CLEXTON. That is correct. That is for the total appropriation, service-wide operations.

Mr. WIGGLESWORTH. In other words, you are requesting an increase of about 36 man-years in the Department and 162 in the field?

How many military personnel do you have in the over-all set-up?

Mr. STOCK. I do not believe that we have that figure available, Mr. Wigglesworth.

Mr. WIGGLESWORTH. Will you furnish that, please, both for 1952 and 1953?

Mr. STOCK. Yes.

(The requested information is as follows:)

Table of personnel by budget activity [1]

Budget activity and title	Fiscal year 1951				Fiscal year 1952				Fiscal year 1953			
	Civilian positions	Civilian man-years	Estimated average military on board	Total man-years military and civilian	Civilian positions	Civilian man-years	Estimated average military on board	Total man-years military and civilian	Civilian positions	Civilian man-years	Estimated average military on board	Total man-years military and civilian
1. Administrative headquarters, naval districts, bases, and stations	2,927	2,675	2,343	5,018	3,017	2,891	2,755	5,646	3,029	2,937	2,755	5,692
2. Joint international projects												
3. Service-wide communications	1,275	1,116	10,896	12,012	1,430	1,335	11,778	13,113	1,451	1,396	13,744	15,140
4. Hydrographic Office	1,586	1,193	71	1,264	1,750	1,620	98	1,718	1,750	1,711	99	1,810
5. Naval Observatory	120	102	4	106	120	117	4	121	120	117	4	121
6. Inter-American affairs	58	58	134	192	63	60	143	203	63	63	143	206
7. Departmental administration:												
(a) CNO	607	503	1,023	1,526	614	580	1,053	1,633	622	595	1,079	1,674
(b) JAG	122	111	119	230	151	134	127	261	151	140	128	268
(c) EXOS	1,298	1,105	320	1,425	1,264	1,251	414	1,665	1,292	1,262	414	1,676
8. Printing services and equipment												
9. Records administration	478	423	26	449	458	447	25	472	429	404	25	429
10. Area, wage, and classification	198	150	0	150	191	185	0	185	191	185	0	185
11. Public information	18	16	35	51	16	16	43	59	22	19	43	62
12. Contingencies of the Navy												
Total	8,687	7,452	14,971	22,423	9,074	8,636	16,440	25,076	9,120	8,829	18,434	27,263

[1] Includes reimbursements.

EQUIPMENT

Mr. WIGGLESWORTH. Looking at item 1–A, $8,254,480 for naval district and river command headquarters, which I understand applies to 15 headquarters, I see that you are asking for $314,527 for equipment. What is that going to cover?

Commander CODDINGTON. That covers office equipment for the administrative headquarters. There is no shop equipment or any kind of production equipment involved.

Mr. WIGGLESWORTH. I know, but you had $303,000 for this in 1951 and $474,000 in 1952, and if you get this you will have had $1,000,000 to put in to office equipment for 15 places.

Mr. SHEPPARD. You mean over that period of time?

Mr. WIGGLESWORTH. Over that period of time.

Commander CODDINGTON. Do you know what specific items of equipment are involved?

Mr. WIGGLESWORTH. I would like to know how you arrived at this figure.

Mr. SHEPPARD. Do you have a shopping list with you?

Commander CODDINGTON. No, sir; we do not have, sir.

Mr. WIGGLESWORTH. Did somebody tell you that they needed so many chairs or tables, or did you take one of these work-management formulas and figure out on the general law of averages that you ought to have so many dollars of equipment per station per year?

Commander CODDINGTON. No, sir; it was not based on that. It was based upon the requirements submitted on the field level.

Mr. WIGGLESWORTH. I wish that you would give us a list, by major categories, of what you bought in the last 2 years out of the $700,000 for these 15 headquarters, and what you are going to put in there with this additional $300,000 that you are requesting.

Mr. SHEPPARD. You do have a shopping list in the office do you not?

Commander CODDINGTON. No, sir; we do not have a specific shopping list for items of equipment.

Mr. WIGGLESWORTH. You do not have? How did you arrive at the figure? I thought that you told me it was based on specific items.

Commander CODDINGTON. The specific items are available at the field level. I do not have them in a total shopping list. We can furnish the data on what we have.

Mr. SHEPPARD. What the gentleman wants is the premise upon which you arrived at the figures. Did you just take a figure given by the field command, or did he give you a list of his requirements for those expenditures?

Commander CODDINGTON. It was based upon an over-all requirement specifically for equipment.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. Please furnish for the record such information as can be furnished in this connection.

(The requested information is as follows:)

Detail of equipment procurement for naval district headquarters

Naval district	Fiscal year 1952				Fiscal year 1953			
	Office equipment	Furniture, furnishings, and fixtures	All other equipment	Total	Office equipment [1]	Furniture, furnishings, and fixtures [2]	All other equipment [3]	Total
1	$6,200	$9,300	$5,500	$21,000	$300	$9,700	$4,000	$14,000
3	5,000	3,400	21,600	30,000	5,000	10,000	5,000	20,000
4	7,100	2,280	11,120	20,500	4,100	6,800	3,000	13,900
5	2,700	3,800	25,000	31,500	300	700	19,710	20,710
6	3,400	2,000	9,600	15,000	2,600	3,000	5,000	10,600
8	2,900	4,600	24,000	31,500	2,760	4,000	14,000	20,760
9	5,000	7,700	29,300	42,000	2,000	3,400	22,605	28,005
10	1,200	1,500	4,800	7,500	2,500	950	1,000	4,450
11	7,500	2,500	66,500	76,500	7,500	9,000	34,200	50,700
12	7,100	5,000	46,400	58,500	8,700	16,000	14,000	38,700
13	2,700	4,500	18,300	25,500	4,100	9,000	4,000	17,100
14	5,600	5,000	44,068	54,668	5,600	18,610	11,200	35,410
15	150	3,000	10,850	14,000	1,283	2,000	6,400	9,683
17	100	1,500	8,400	10,000	482	1,500	5,000	6,982
PRNC	5,700	4,300	26,000	36,000	9,627	8,900	5,000	23,527
Total	62,350	60,380	351,438	474,168	56,852	103,560	154,115	314,527

[1] Consists primarily of labor-saving equipment, adding machines, calculators, typewriters, mimeograph machines, addressographs, dictating equipment, etc.
[2] Includes desks, chairs, tables, file cabinets, safes, etc.
[3] Includes law libraries for district legal offices ($51,000); equipment for renovation of headquarters building, 5th Naval District ($15,710); air-conditioning equipment, 8th Naval District ($10,000); elevator equipment, 9th Naval District ($19,605); new heat plant, 11th Naval District ($25,200); and miscellaneous equipment.

NEWPORT NAVAL BASE

Mr. WIGGLESWORTH. Now, will you say a further word on item 1-C in respect of the Newport picture in the light of the fact that you are requesting $2,500,000, roughly, as compared to $2,000,000 in the current fiscal year? What is the reason for that increase, and what are you going to do with the money?

Commander CODDINGTON. The total difference is about $440,000.

Mr. WIGGLESWORTH. It shows in the justifications here at page 22-24 as $2,555,095 in 1953 as compared to $2,097,068; is that right?

Commander CODDINGTON. Yes.

Mr. WIGGLESWORTH. Proceed.

Commander CODDINGTON. Well, $339,000 of that reflects an increase in the amount of funds for special projects, rehabilitation projects.

Mr. WIGGLESWORTH. Are those maintenance projects?

Commander CODDINGTON. Maintenance projects; yes.

During the latter part of the fiscal year 1951 we took over the maintenance and operation of the power plant on Goat Island after the Bureau of Ordnance moved off that area. That is one of the prime sources of power in the entire area. It does not serve just the things for which we are responsible; it serves all the activities in the area. The whole power plant and the electrical distribution system is quite old. It has been there for quite a few years and during the reduced requirements upon the part of the Bureau of Ordnance, they were not interested in putting enough money in it to keep the thing up to its proper level. It is greatly deteriorated.

Mr. WIGGLESWORTH. How many bureaus are there doing work of this kind now at this station?

Admiral CLEXTON. We have one other, and that is Ships and Facilities. They were fixing the piers, as I recall.

Mr. SHEPPARD. And erosion.

Admiral CLEXTON. Where the enlisted men come ashore from the boats.

Commander CODDINGTON. That is right, the fleet facilities in Newport is in the Bureau of Ships.

In Newport it is just ours and the Bureau of Ships. We are maintaining the facilities in that area.

Mr. SHEPPARD. You do not maintain the same facilities?

Commander CODDINGTON. That is correct, we do not.

Mr. SHEPPARD. There is a departmental line of demarcation there?

Commander CODDINGTON. That is right.

Mr. WIGGLESWORTH. Have you a list of the special projects?

Commander CODDINGTON. Yes.

Mr. WIGGLESWORTH. Are these items things that are necessary because of the expansion of the facilities there?

Commander CODDINGTON. The large items.

Mr. WIGGLESWORTH. Or are they just deferred items that have been put off?

Commander CODDINGTON. The repairs to the boiler house and the rehabilitation of the electrical distribution system are deferred items for the repair of the power plant facilities. There are some other minor items in here that are based upon the increased operating requirements in the area because of the fact the fleet is making more use of that area, and more people are coming in there all the time.

INCREASE IN NAVAL STATION

Mr. WIGGLESWORTH. Under item 1–D, applicable to 16 stations, it appears that in every single case where a station is continued there is a slight increase in funds as compared with the current year. You told us the man-years are going up 14 in number. Is that supposed to explain this over-all increase?

Commander CODDINGTON. There is a total of about $90,000 increase of which one-third is based upon the increase in personnel services. The other $60,000 is distributed upon the other object classes. One major increase is in supplies and materials. Those supplies and materials are for the operation of the fire department, for the replacement of hose and nozzles and equipment of that kind. The district fire marshals have been making surveys of all the fire departments and we found that is the main category of equipment that has deteriorated very badly.

Mr. WIGGLESWORTH. Would it not seem that as we go along at least one of these 15 stations ought to be able to reduce its operations? It would not hurt any of them much if they absorbed this whole business.

Commander CODDINGTON. That is correct. Out of the total increase about $20,000 is for the naval station Rodman. That station was on a partial maintenance status up until this year.

Mr. WIGGLESWORTH. That is true, but it is also true, as I stated previously, that every one of the 16 stations does show an increase.

That is all that I have.

Mr. SHEPPARD. Mr. Fernandez, I understand you have questions you would like to direct to those on the other side of the table?

REHABILITATION AT NEWPORT NAVAL BASE

Mr. FERNANDEZ. I want to revert back to pages 22–24, the item, at Newport Naval Base which shows a request of $2,555,095 and which is in fact $458,027 more than the estimate for 1952. I notice that on page 22–22 of the justification you say that this is the principal cause of an increase of rehibilitation and repair on projects of a nonrecurring nature at this station and Mr. Wigglesworth was enquiring about it. Your testimony was more or less in general terms and since you have a list of the actual rehabilitation work that has taken place there I think it would be well to put some of the items in the record—not the entire list. I notice you have a 220-kilovolt line, $100,000. Is that at that base?

Mr. STOCK. Yes, sir.

Mr. FERNANDEZ. Tell us something about it. What is the necessity for that improvement?

Mr. STOCK. As I understand it, the transmission lines up there were installed years ago, and with the expansion necessary there were some detailed engineering studies made and the Bureau of Yards and Docks assists our office in that and made recommendations on these projects. They have advised that this project be undertaken to improve these transmission lines because of the need to supply the additional power to all the expanding facilities in that area.

Mr. FERNANDEZ. Are they in such condition that this improvement cannot be postponed without harm?

Mr. STOCK. Well, the Public Works representative of the Bureau of Yards and Docks recommended that we ask for that item in this budget. They feel it is of sufficient urgency that it should be undertaken.

Mr. FERNANDEZ. You have another item there for $236,000.

Mr. STOCK. That is of the same nature. The two projects are related, and all this is is as a result of the very detailed engineering study which came to the office with the recommendation that this work be undertaken because of the fact that Newport is being developed as the major destroyer base of the Atlantic area.

Mr. FERNANDEZ. Is that absolutely necessary at this time?

Mr. STOCK. The Public Works representative of the engineers in the fields has expressed the opinion that this should be undertaken along with the other project.

Mr. FERNANDEZ. That means that is $236,000 of the increase?

Mr. STOCK. Yes, sir.

Mr. FERNANDEZ. And cannot be done without the increase?

Mr. STOCK. No, sir. Because it represents a large portion of the needs for the engineering project.

Mr. FERNANDEZ. Repairs to boiler-house equipment on Goat Island, $25,000.

Mr. STOCK. Replace rotary converter in the Goat Island plant, $25,000.

Mr. FERNANDEZ. Tell us something about that.

Mr. STOCK. I cannot be very specific except to say that most of these projects at Newport pertain to the power-plant operation which furnishes power to all naval activities in the Newport area, and most of the equipment, lines and converters and all these other items are in such state that it has been recommended that we undertake this rather extensive program of rehabilitation.

Mr. FERNANDEZ. Your list as I read it is $500,000.

Mr. STOCK. $597,000.

Mr. FERNANDEZ. But you have asked for an increase of $427,000. I assume the rest is to be taken care of with the deduction in the other items?

Mr. STOCK. Yes, sir; by offsetting deductions in other items.

Mr. FERNANDEZ. That is all, Mr. Chairman.

JOINT INTERNATIONAL PROJECTS

Mr. SHEPPARD. We will take up activity No. 2, "Joint international projects," in which in 1953 the total estimate is $86,000, and the estimate for 1952 was $308,000. This project is made up of four subactivities. We will insert the table on page 22–31.

No.	Project	1951 actual	1952 estimate	1953 estimate
2–A	Military Standardization Agency	0	$19,000	$61,000
2–B	Education of minor dependents in overseas areas	0	24,000	25,000
2–C	Planning North Atlantic Treaty (PLANAT)	$220,410	250,000	0
2–D	North Atlantic Ocean Area Regional Planning Group (NAORPG)	12,488	15,000	0
	Total direct obligations	232,898	308,000	86,000

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $179,849.

MILITARY STANDARDIZATION AGENCY

We will now pick up the 2–A, Military Standardization Agency, request for $61,000 in 1953: $19,000 in 1952, an increase in this operation. State the project and the reason for the increase.

Captain GARDNER. Budget activity 2, which is summarized in the table on page 22–31 of the budget document, indicates a request for $86,000 for fiscal year 1953. Project 2–A supports the United States representation on the Military Standardization Agency in London, England. This agency strives toward standardization of doctrinal, procedural and material matters that are the operational concern of commanders of North Atlantic Treaty Organization forces. The fiscal year 1953 request for this project represents complete Navy support whereas in fiscal year 1952 the Navy contributed only one-third of the support and the Army and Air Force the other two-thirds. The Secretary of Defense has now directed that full support for this agency be provided by the Navy. An object classification summary of funds for this project is outlined on page 22–33 of the budget document.

Mr. SHEPPARD. You will insert the object classification at this point in the record.

(Object classification follows:)

Object classification	1951 actual	1952 estimate	1953 estimate
01 Personal services		$30,410	$33,960
02 Travel		17,600	18,950
04 Communication services		300	300
05 Rents and utilities		3,300	3,300
06 Printing and binding		300	300
07 Other contractual services		350	350
08 Supplies and materials		3,240	3,240
09 Equipment		1,500	600
Total	0	[1] 57,000	61,000

[1] Each military department contributed ⅓ ($19,000) for support in fiscal year 1952.

INCREASE IN PERSONAL SERVICES

Mr. SHEPPARD. Personal services, $33,960; and you had $30,410 in 1952. What does that mean in increase so far as positions are concerned?

Mr. SULKOVSKY. There is no increase in positions. The $3,550 increase is for the full-time employment of people hired in this area during fiscal year 1952. We had no previous experience and our estimates were worked out by Army, Navy, and Air Force boards.

SUPPLIES AND MATERIALS

Mr. SHEPPARD. We find the "Supplies and materials" for 1952 and 1953 were $3,240—the same figure. How did you arrive at the same figure for both years?

Mr. SULKOVSKY. The activity had no prior experience, so we had to accept the best information available, which was from the people in the field. Since we have no indication of an increase, we have maintained the same level of support in that object.

EDUCATION OF MINOR DEPENDENTS IN OVERSEAS AREAS

Mr. SHEPPARD. With reference to project No. 2B, "Education of minor dependents in overseas areas," estimate for 1953, $25,000. Upon what premise did you arrive at the request for $25,000?

Mr. SULKOVSKY. These estimates were arrived at on the basis of detailed information submitted by each one of the activities listed on pages 22–35. There was a submission by each group as to the number of dependents, the estimated cost for education, including a listing of the names of the dependents, the parents, the schools attended, and the cost at the schools they were attending.

Mr. SHEPPARD. I see you reflect the details of the number of dependents for 1952 as 112, and the anticipated for 1953 as 120, and have it worked out on a per capita basis.

Mr. SULKOVSKY. An average of $209 in 1953, or a reduction of $5 from 1952.

Mr. SHEPPARD. Are these estimates premised upon a survey in the field reflecting the geographical location?

Mr. SULKOVSKY. Yes, sir.

PLANNING, NATA

Mr. SHEPPARD. Project No. 2–C, "Planning, North Atlantic Treaty." There is nothing in your request for 1953; what did you do with the money for 1952, $250,000?

Mr. SULKOVSKY. The 1952 money is supporting Navy responsibilities, but due to changes in the international picture this activity comes under the SHAPE organization and funds will not be required in 1953.

Mr. SHEPPARD. Do you have any unexpended balance from 1952?

Mr. STOCK. Yes, sir. We expect to have approximately $30,000 unexpended balance.

Mr. SHEPPARD. What are you going to do with it?

Mr. STOCK. Unless some contingency comes up that we do not know about, it will be available for reversion to the Treasury.

Mr. SHEPPARD. This would find itself, Admiral Clexton, in the same category as that we discussed this morning, subject to the discretion of the Secretary to take the balance and use it within this general scope. This is your interpretation that legally you have the right to do so.

Admiral CLEXTON. I believe that is correct, sir.

NORTH ATLANTIC OCEAN REGIONAL PLANNING GROUP

Mr. SHEPPARD. Item 2D, North Atlantic Ocean Regional Planning Group. The money requested in the 1953 appropriation is zero and the amount for 1952 was $15,000. How much unexpended balance remains in that account?

Mr. STOCK. We expect there will be none. Obligations and commitments to the end of February are already $11,950.

Mr. WIGGLESWORTH. A question, just as a matter of interest on the education of minor dependents item. Does that mean there are only 120 minor dependents Navy-wide?

Admiral CLEXTON. No, sir.

Mr. SULKOVSKY. This only represents those military personnel with dependents who are not attached to an activity supported by Department of Defense funds. In other words, these are military advisory groups located in foreign countries to administer the foreign-aid program. They are supported by the host country with funds made available under the foreign-aid program. Since the activities do not have Department of Defense funds to support the dependent children as in other cases, we make it available under this program.

Mr. WIGGLESWORTH. These are the children of civilian personnel?

Mr. SULKOVSKY. Military and civilian. It is a small amount for small groups located in various countries where we have activities not supported by Department of Defense appropriations.

Mr. WIGGLESWORTH. They are so small in number I wonder why they cannot be taken care of as other minor dependents of the services and looked after.

Mr. SULKOVSKY. The funds available will be from local sources and support of this type of expense is not provided for as for the dependents of other naval officers and other personnel. We combined all these into one activity.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. On the record. Aren't these officers serving in these advisory groups serving as a matter of designation by the Navy or the Army?

Mr. SULKOVSKY. It is a requirement of the Mutual Security Act passed by the Congress that we have representation with these groups. But the authority behind the Mutual Security Act funds does not include authority for this type of expense. Therefore, to provide equal educational benefits for the dependents of these officers assigned to these particular groups, this provision is made. Where you may be sitting in a city of the United States or in naval activities in London, and so forth, you are supported by Department of Defense funds, but if you are in this other group you are supported by locally contributed or mutual-security funds.

Mr. WIGGLESWORTH. Because you are acting as a United States official?

Mr. SULKOVSKY. As a United States representative on an international group.

Mr. WIGGLESWORTH. Even though an active officer in the Navy is designated to serve in that capacity. You understand the authority of the Navy does not extend to the taking care of his children?

Mr. SULKOVSKY. It is not the Navy. It is the source of funds and expenditure authority.

Mr. STOCK. The mutual security funds are not available to pay for education. Consequently, we realized there was an inequity and the Secretary of the Navy took steps to remedy it.

Mr. WIGGLESWORTH. If the officer in question is representing the United States and he is on active duty why are not defense funds available?

Mr. STOCK. They are available for other than this little segment of this appropriation. This item is a sort of loose end in the Navy appropriation structure and it has been placed in this budget activity because it seemed to fit into this one best.

Mr. WIGGLESWORTH. Where are the appropriations for other naval dependents?

Admiral CLEXTON. Under "Ships and facilities" for ship facilities overseas or under "Aircraft facilities" for aircraft installations overseas.

Mr. SHEPPARD. In other words, it is a normal factor for routine assignment of military personnel, civil or military, that has been subtracted from the acceptable category and put into an area where there were no funds provided for them and, consequently, the item has been put in here.

Mr. STOCK. Yes, sir. It is an international type of project.

(The following information was furnished for the record:)

Table of personnel by project

Project No. and title	Fiscal year 1951				Fiscal year 1952				Fiscal year 1953			
	Civilian positions	Civilian man-years	Estimated average military on board	Total man-years military and civilian	Civilian positions	Civilian man-years	Estimated average military on board	Total man-years military and civilian	Civilian positions	Civilian man-years	Estimated average military on board	Total man-years military and civilian
2-A. Military Standardization Agency					21	16	8	24	21	21	8	29
2-B. Education of minor dependents in overseas areas												
2-C. Planning North Atlantic Treaty (PLANAT)	65	47	102	149	65	60	145	205				
2-D. North Atlantic Ocean Area Regional Planning Group (NAORPG)	6	5	13	18	6	6	13	19				
Total	71	52	115	167	92	82	166	248	21	21	8	29

SERVICE-WIDE COMMUNICATIONS

Mr. SHEPPARD. Activity No. 3, "Service-wide communications." The obligation for 1953 is $29,063,000 and the 1952 estimate was $44,890,000, a decrease of $15,827,000 between these two figures. This project is broken up into four subprojects. We will insert the table on page 22–38 in the record.

No.	Project	1951 actual	1952 estimate	1953 estimate
3–A	Maintenance and operation of the naval communication system	$12,153,970	$13,308,000	$13,016,000
3–B	Procurement of major equipments	26,774,990	26,248,000	11,544,000
3–C	Leased and commercial communications facilities and services	1,899,428	2,637,000	2,694,000
3–D	Support of other naval activities and joint agencies	3,719,882	2,697,000	1,809,000
	Total direct obligations	44,548,270	44,890,000	29,063,000

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $42,275,380.

MAINTENANCE AND OPERATION OF THE NAVAL COMMUNICATIONS SYSTEM

The first one is "3–A Maintenance and operation of the naval communication system," $13,016,000; 1952, $13,308,000. You present your requirements and what you mean by "Maintenance and operation of the naval communication system," please.

Captain CASWELL. The maintenance of the naval communication system. It comprises the maintenance and operation cost of 16 communication stations, 5 communication facilities, and 17 communication units which comprise the naval communication system.

Mr. SHEPPARD. How many of these are continental United States and how many of them external?

Captain CASWELL. The 5 communication facilities, 6 stations, and 15 of the 17 units are external United States.

Mr. SHEPPARD. What are the different types of functions, communicationwise, that fall within the detail of your system?

Captain CASWELL. The functions of the naval communication system are primarily operational in character and provide for the communication support of the operating forces of the Navy.

Mr. SHEPPARD. By what methods?

Captain CASWELL. By methods of rapid communication, sir.

Radio, land line within the United States, and in some cases by newer types such as facsimile.

Mr. SHEPPARD. What is there new in this particular portion of your budget request other than assignment of dollars for expenditure purposes, maintaining operational technique and revisions thereof or innovations since you made your presentation for your budget last year.

Captain CASWELL. I do not think, Mr. Chairman, there is much new over last year. We are continually modernizing the system and improving it. But there are no specific items that are new in this budget over last year. If you mean by that expansion, there are two new activities this year over last year.

Mr. SHEPPARD. Will you relate them and tell us the projected cost that appears in this budget for these new items?

Captain CASWELL. Yes, sir. Maintenance and operations of the naval communication facility in the Philippines, for which we are asking in 1953 $150,000 and the naval communication facility in the Mediterranean area for which we are asking $200,000.

Mr. SHEPPARD. How many stations are involved in here that you are going to bring under operational standards that were not in existence in a proportionate manner in your last budget. I am specifically referring to the list on page 22–41.

Captain CASWELL. We refer to the antisubmarine warfare—six special-purpose units. If I may speak off the record.

(Discussion off the record.)

PROCUREMENT OF MAJOR PROCUREMENTS

Mr. SHEPPARD. On the record.

Item 3–B. "Procurement of major equipments." The 1953 estimate is $11,544,000. In 1952, $26,248,000. That shows a decided decrease. I wish you would make your presentation for the requirement of the $11,544,000 and advise us what has happened to reflect the difference between your estimate for 1952 and 1953.

Captain CASWELL. By the equipment procured in 1951 and 1952, we were able to bring the naval communication system up to the level of readiness sufficient to support present operating forces, plus mobilization reserve equipment which gives us a basis for quick mobilization and will take care of the immediate impact of any catastrophe we can conceive of happening.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. On the record.

NONPASSENGER-CARRYING VEHICLES

I notice reflected on page 22–43 the replacement of 71 nonpassenger-carrying vehicles and 16 units of special construction, fire fighting, and miscellaneous maintenance equipment required for logistical support of certain communication stations in the naval communication system. What is the status of your budget of 1952, to wit, $26,248,000, as to the balance of money on hand that has not been committed in any manner?

Mr. STOCK. On February 29, we had committed or obligated——

Mr. SHEPPARD. Just reverse it. How much do you have not committed?

Mr. STOCK. Approximately $1,000,000, sir.

Mr. SHEPPARD. Now, what portions of your 1952 money was involved in the procurement of nonpassenger-carrying vehicles and was assigned to the procurement agency for that purpose?

Captain CASWELL. $184,500 in 1952.

Mr. SHEPPARD. How many of these vehicles that you have assigned for procurement dollarwise have you received, if any?

Captain CASWELL. We have not actually received any. They have all been ordered.

Mr. SHEPPARD. Your answer is, you have not received any of them?

Captain CASWELL. Yes, sir.

Mr. SHEPPARD. Have you had any recent information from the procurement agency as to when you can have delivery on the so-called requirements you placed for procurement purposes?

Captain CASWELL. We have been advised they would be delivered the 1st of June.

Mr. SHEPPARD. Have you had any assurance that would cause you to change your mind?

Captain CASWELL. Only what I heard this morning.

Mr. SHEPPARD. From what you heard at this meeting I assume these are in the same category.

Captain CASWELL. I think so because they were both ordered the same way.

COMMUNICATION FACILITIES AND SERVICES

Mr. SHEPPARD. In reference to page 22–44 under the subitem 3–B, I find a breakdown there that includes transmitters—156. Your estimated amount for that expenditure is $1,467,250. What would be the unit cost in that instance if you know it?

Captain CASWELL. Do you want a sample of various types?

Mr. SHEPPARD. I would assume that in the 156 transmitters you would have possibly a deviation of size of transmitter ability of four or five, so give me the top cost and the bottom cost. What is the largest unit you have in that shopping list of transmitters?

Captain CASWELL. $61,000 is the largest.

Mr. SHEPPARD. What is the smallest?

Captain CASWELL. 1,859.

Mr. SHEPPARD. What is the lead time that is involved in getting transmitters?

Captain CASWELL. Twelve to eighteen months.

Mr. SHEPPARD. How much is your procurement behind in your transmitters that were ordered with your 1952 funds?

Captain CASWELL. The transmitters ordered with the 1952 funds have not started to come out yet. We are getting now the transmitters ordered with the 1951 funds which started to come in October. The 1952 procurement should come to us about May or June of this year.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. You have one item which I do not quite recall the definition for. The word "terminal" is used here. What is the definition as you apply it in this instance?

Captain CASWELL. Terminal equipment refers to equipment used, for instance, we mean where a single side band equipment—any type of equipment that translates a single radio channel and breaks it up into several channels, or channels of different types. Any type of equipment that does that.

Mr. SHEPPARD. That creates mechanical diffusion.

Captain CASWELL. I would say that is correct. For instance, we can put this single side band equipment in this room but we will tap it into a transmitter at Annapolis.

Mr. SHEPPARD. This is not connected with the scrambling and unscrambling operation?

Captain CASWELL. It is to get more channels out of a single radio circuit and to be able to pipe one to you and one to the White House and one to the Navy Department from this single circuit.

Mr. SHEPPARD. The next item that appears here is a rather sizable one, $5,827,550, cryptologic equipment, excluding general service type equipment in the amount of $733,450.

How many units are you going to buy for instance, what units?

Captain CASWELL. This item refers to cryptologic equipment, the type of equipment that is used to encode and decode. Included in this is some of the special HFDF equipment. This is all included in the term "cryptologic equipment." We procure this equipment for the shore system, the shore communication system. The Bureau of Ships will procure the proportion of equipment for ships to match up with this equipment and will budget for that in ships and facilities.

There is always a constant change in this type of equipment. There are improvements in cryptoanalysis and cryptography always taking place.

Mr. SHEPPARD. In other words from the procurement aspect you are always dealing with what you see in a change in every 8 months or 2 years?

Captain CASWELL. Well——

Mr. SHEPPARD. I know you have variables in there but as an across-the-board issue.

Captain CASWELL. Captain Howeth may comment on that.

Captain HOWETH. Off the record, Mr. Chairman.

(Discussion off the record.)

Mr. SHEPPARD. On the record.

We will pick up our next item "Leased and commercial communication facilities and services," $2,694,000 in 1953; and you had $2,637,000 for 1952. In describing this, when you say "leasing communication" that means how much money will be spent and contracted for in certain given types of service within the category of a regulated operation. So, how much business do you contemplate doing in 1953 with the $2,694,000 that will be on the leased premises?

Captain CASWELL. All of this sum in here is for leased equipment except for the item which pays for cablegrams, telegrams, and radiograms.

Mr. SHEPPARD. What is the proportion of your $2 million that you contemplate expending for that purpose?

Captain CASWELL. Everything except $600,000 which is required for commercial telegrams, cablegrams, and radiograms.

Mr. SHEPPARD. In other words, we have a complete background on page 22–47 which is indicated as being telephone service, and so forth: leased teletype lines and equipment, $850,000; commercial telegrams, cablegrams and radiograms, $600,000; flight control and weather service, $150,000; leased facsimile equipment and service, $182,000.

These are the specific fields of function for which your $2 million plus are being expended?

Captain CASWELL. That is correct.

Mr. SHEPPARD. And the only way you can control your expenses is by the discontinuance of that type of service?

Captain CASWELL. Correct.

Mr. SHEPPARD. Or substituting it?

Captain CASWELL. That is right. When it becomes cheaper to substitute our own.

Mr. SHEPPARD. How many substitutes have you made in the last 2 years?

Captain CASWELL. Well, if you go into certain fields it is difficult to say. You go up and down according to the activity which that line

serves. When the activity gets so great that it is cheaper for us to install our own equipment rather than lease it then we do so.

Mr. SHEPPARD. Would your bookkeeping system indicate the changes that have been made under that of permanent versus that of lease during the past 12 months without too much time and effort to get the answer?

Captain CASWELL. I do not have that with me.

Mr. SHEPPARD. I assume you would not have. I mean by going into your system back at the office would you have that reasonably available so it would not take a lot of time?

Captain CASWELL. We could get it.

Mr. SHEPPARD. If you could get that without too much time and expense we would like to have it.

(Information requested follows:)

Locations at which leased communication equipment has been replaced by Government-owned equipment, period Jan. 1, 1950–Jan. 1, 1952

Activity	Hours of operation	Type of equipment	Date
MARCORPS depot of supply, Philadelphia	Office hours	M-15	May 16, 1950.
NAVHOSP, Portsmouth, Va	24 hours	M-15	Feb. 16, 1951.
NAVMINE depot, Yorktown, Va	do	2 M-15	Aug. 27, 1951.
FLOGWING terminal, Charleston S. C	Office hours and part-time Saturday.	M-15	June 15, 1951.
MARCORPSCRUIT depot, San Diego, Calif	24 hours	M-15	May 1951.
NSD, Stockton, Calif	Part time	M-19, M-14	January 1951.
NAAS, Monterey, Calif	do	M-15	June 1951.
NAVTRACEN, Bainbridge, Md	24 hours	M-19	Aug. 15, 1951.

Locations at which Government-owned communication equipment has been replaced by leased equipment, period Jan. 1, 1950–Jan. 1, 1952

Activity	Hours of operation	Type of equipment	Date
NAS, Olathe, Kans	Office hours	M-15	Feb. 9, 1951.
NAS, St. Louis, Mo	do	M-15	Do.

SUPPORT OF OTHER NAVAL ACTIVITIES

Mr. SHEPPARD. Project No. 3D, "Support of other naval activities and joint agencies": 1952 estimate $2,697,000; 1953 estimate $1,809,000. This reflects a decrease. What do you mean by "Support of other naval activities" and "Joint agencies." Define that first.

Captain CASWELL. We use that to mean any miscellaneous naval communication activities, any activities which require communication support from this activity. These services, are for communications other than in our naval communication system which has been described. These are put into this subactivity. A good example of that is this item for the support of the communication departments in some 13 naval stations.

Mr. SHEPPARD. That is reflected on page 22–49 of your justification and carried over to 22–50. Isn't it?

Captain CASWELL. Yes sir.

Mr. SHEPPARD. I notice your breakdown on page 22–49, "Alternate joint communication center" 1952 $1,000,000, and nothing in 1953, which prompts the question, what is the unexpended balance left of the 1 million and the 2 million of 1952 and 1951.

Captain CASWELL. None, sir. It has been transferred to the Army, which is the executive agent, by direction of the Secretary of Defense.

Mr. SHEPPARD. Then I can reasonably assume the Army has it and it will not enter the budget this year?

Captain CASWELL. That is right.

Mr. SHEPPARD. Naval security station is another item reflected here. You have $906,735 for 1952 and $1,014,000 for 1953. Off the record.

(Discussion off the record.)

PERSONNEL

Mr. SHEPPARD. On the record. Now, with reference to the entire budget activity No. 3 which is for $29 million plus. Is there not any personnel connected with it?

Mr. STOCK. I have the civilian over-all figures if you would care to have them.

Mr. SHEPPARD. I would like the civilian over-all figures and the military. The same as we asked for this morning and I would like very much to have you give the same information on the subactivities.

Mr. STOCK. Yes sir.

Mr. SHEPPARD. And will you see it is placed in for 1951 on this item? When the report comes down on this see the information is placed on the other items.

Mr. STOCK. For 1951, permanent positions, 1,275; man-years 1,116; 1952 positions, 1,430; man-years, 1,335; 1953 positions, 1,451; man-years, 1,396.

(The requested material follows:)

Budget activity III—Service-wide communications, table of personnel by project

Project No. and title	Fiscal year 1951				Fiscal year 1952				Fiscal year 1953			
	Civilian positions	Civilian man-years	Estimated average military on board	Total man-years military and civilian	Civilian positions	Civilian man-years	Estimated average military on board	Total man-years military and civilian	Civilian positions	Civilian man-years	Estimated average military on board	Total man-years military and civilian
3-A. Maintenance and operation of the naval communication system	1,027	900	9,901	10,801	1,154	1,105	10,842	11,587	1,175	1,154	12,315	13,469
3-B. Procurement of equipment	None	None	None	None	None	None	None	None	None	None	None	None
3-C. Leased and commercial communication facilities and services	None	None	None	None	None	None	None	None	None	None	None	None
3-D. Support of joint agencies and other naval activities	248	216	995	1,211	276	230	1,296	1,526	276	242	1,429	1,671
Total	1,275	1,116	10,896	12,012	1,430	1,335	11,778	13,113	1,451	1,396	13,744	15,140

Mr. SHEPPARD. I have not followed that with the pencil. What is the net result, more or less?

Mr. STOCK. The net result is an increase in fiscal 1953; 21 more positions. The resulting increase in man-years will be 61 which represents full-year employment of people recruited in 1952 under the 1952 appropriation.

Mr. SHEPPARD. What has caused the excess?

Captain CASWELL. The increase is due mainly to net increase in operational activity, and expansion in some stations to take care of this increase in activity. I have a breakdown that shows an increase of about 1 or 2 at each of the communication stations.

Mr. SHEPPARD. In other words, the total that the gentleman referred to, positionwise, is broken down through the series of stations to which you testified in the appropriation activity we just discussed.

Mr. FERNANDEZ. With reference to page 19–44, $5,827,550 for cryptologic equipment. Did you have a similar item for last year or is this all?

Captain CASWELL. Yes, sir. There was an item for cryptologic equipment last year.

Mr. FERNANDEZ. How much was that?

Captain CASWELL. I am not sure I have that figure with me.

Mr. FERNANDEZ. It is comparable to this figure?

Captain CASWELL. It is included in the over-all. Just about the same—6½ million.

Captain HOWETH. It is a continuing expenditure.

Mr. FERNANDEZ. The changes put into effect are gradual every year?

Mr. WIGGLESWORTH. Item 3–A, "Maintenance and operation of the naval communication system, $13,016,000. I note that you have a substantial increase under "Radio central and operational administration" of from $1,234,000 to $1,519,000. That is nearly $300,000 more this year and $500,000 more than 2 years ago. What is the explanation of that.

Captain CASWELL. That is primarily due to teletype tape and teletype paper increase in cost.

Mr. WIGGLESWORTH. You mean it has increased 25 percent?

Captain CASWELL. There was also a $175,000 increase in estimate for communication publications—joint Army and Navy publications on communications.

Mr. WIGGLESWORTH. Haven't you been publishing that?

Captain CASWELL. Yes; we have been publishing this series right along.

Mr. WIGGLESWORTH. Why the increase?

Captain CASWELL. There is an increased need for copies. The amount of printing has increased a good deal.

Mr. WIGGLESWORTH. How much?

Captain CASWELL. I have not the exact figures but I would say at least double the number of copies. You see the number of copies depends on the number of ships and the number of activities we serve.

Mr. WIGGLESWORTH. That has not doubled?

Captain CASWELL. And inasmuch as this is done by joint agreement and we publish some and the Army publish some the increases demanded by the other services are proportionately great.

Mr. WIGGLESWORTH. What else is in that $300,000 increase?

Captain CASWELL. The general operating cost. It includes paper for messages and teletype paper.

Mr. WIGGLESWORTH. You do not know just what the $300,000 represents?

Captain CASWELL. I do not have the exact breakdown of the entire amount. No, sir.

INCREASE IN INSTALLATION OF EQUIPMENT

Mr. WIGGLESWORTH. What about the other big increase there, "Installation of equipment" which goes from $524,000 in 1951 to $692,100 in 1952, and $1,290,500 in 1953?

Captain CASWELL. That reflects the equipment installation which will become necessary as the equipment is delivered. It is for installation of equipment we ordered in 1951 and 1952.

Mr. WIGGLESWORTH. Well, you had obligational authority for that all right; didn't you?

Captain CASWELL. No.

Mr. WIGGLESWORTH. How could you order it?

Captain CASWELL. We ordered it on the subactivity 3B "Procurement of equipment."

Mr. WIGGLESWORTH. Didn't you have the obligational authority?

Captain CASWELL. To buy it. This is to install it in the station once it is delivered to us by the company.

Mr. WIGGLESWORTH. Well, do you mean you are going to install double the amount of equipment in 1953 that you did in 1952?

Captain CASWELL. Yes; we did comparatively little in 1952. It is just starting to come out.

Mr. WIGGLESWORTH. What is the status of the $692,000?

Captain CASWELL. Well that will probably be expended by June.

Mr. WIGGLESWORTH. How much have you expended to date?

Mr. STOC. As of the end of February, we have committed approximately 66 percent of these funds.

Mr. WIGGLESWORTH. 66 percent.

Captain CASWELL. I think by the way the equipment is coming out everything is now going on an even keel. It should be installed and in use by the end of this year.

Mr. WIGGLESWORTH. Then I repeat my question. Are you going to install double the amount in 1953 that you did in 1952?

Captain CASWELL. Yes, sir.

Mr. WIGGLESWORTH. You are sure of that?

Captain CASWELL. Yes, sir.

Mr. WIGGLESWORTH. Under item B, I did not understand what you said to Mr. Sheppard about the $26,248,000 you had in 1952. You said that was sufficient to equip present operational forces plus [off the record] reserve. Is that right?

Captain CASWELL. Yes: on the reserve of equipment.

Mr. WIGGLESWORTH. What is this $11,544,000 you are requesting going to do?

Captain CASWELL. $6.5 million of that is for the cryptologic equipment and the other, roughly $5 million is for a 10 percent replacement program which we established 2 years ago as a continuing program for orderly replacement on the basis that the average life of our equipment is 10 years.

Mr. WIGGLESWORTH. Is that actually going to be required or is that a general yardstick?

Captain CASWELL. We will actually use the equipment for that modernization. Yes, sir.

Mr. WIGGLESWORTH. I mean the replacement.

Captain CASWELL. Yes; it is replacement for the purpose of modernization and replacement of obsolete equipment as well as obsolescent equipment.

Mr. WIGGLESWORTH. It represents about 10 percent a year over all?

Captain CASWELL. That is correct, sir.

COMMUNICATION RATES

Mr. WIGGLESWORTH. Item 1C, lease of commercial communications. What rates do we pay for the services rendered?

Captain CASWELL. Rates vary in different parts of the country with different classes of service.

Mr. WIGGLESWORTH. Do you pay the full commercial rates?

Captain CASWELL. Yes, sir.

Mr. WIGGLESWORTH. No more and no less?

Captain CASWELL. That is right.

Mr. WIGGLESWORTH. Were the figures you gave Mr. Sheppard for civilian personnel for 1952 actually on board at this time?

Captain CASWELL. I have the on-board figures—1,332 as of February 29 on board.

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

Captain HOWETH. Off the record, Mr. Chairman.

(Discussion off the record.)

HYDROGRAPHIC OFFICE

Mr. SHEPPARD. We will now take up the Hydrographic Office. Your estimate for 1953 is $14,405,000. For 1952 it was $14,695,000.

We will insert the chart on page 22–51 in the record at this point.

(The chart referred to is as follows:)

No.	Project	1951 actual	1952 estimate	1953 estimate
4A	Special Navy-USAF charting project	$2,269,582	$3,496,700	$3,635,500
4B	Undersea warfare project	1,152,433	1,583,300	2,151,800
4C	Nautical and aeronautical project	7,291,412	9,615,000	8,617,600
	Total direct obligations	10,713,427	14,695,000	14,405,000

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $10,413,080.

SPECIAL NAVY USAF CHARTING PROJECT

Mr. SHEPPARD. We will take up the first subproject, "Special Navy USAF charting project." I presume that has to do with providing accurate and cheap nautical charts, sailing directions, navigators' manuals of instruction for the use of all vessels of the United States, and for the benefit and use of navigators generally.

Captain HOBBS. Yes.

Mr. SHEPPARD. What other duties do you perform under the subactivity that would fall within the descriptive subject matter that I have just read?

Captain HOBBS. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. With reference to this item exclusively, what is there new in this year's budget?

Captain HOBBS. There is nothing actually new.

Mr. SHEPPARD. You have supporting statistics in your office, in your files, to justify the requirements to the extent of $3,635,600.?

Captain HOBBS. Yes.

UNDERSEA WARFARE PROJECT

Mr. SHEPPARD. We will take up the next item, 4–B, "Undersea warfare project." Your estimate for 1953 is $2,151,800. In 1952 it was $1,583,300. This shows an increase. What is the purpose?

Captain HOBBS. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. In your presentation last year was there not some justification that you were doing some harbor survey work?

(Off the record.)

NAUTICAL AND AERONAUTICAL PROJECT

Mr. SHEPPARD. We will take up the next item, "Nautical and aeronautical project." You are asking for $8,617,600 in your 1953 estimate. You had $9,615,000 in 1952. This reflects a decrease.

Captain HOBBS. I am glad to agree with you. There is approximately, a $1,000,000 decrease in this program. You will remember in the past couple of years we have been building up our mobilization levels, and we expect to reach that level by the end of this year, so there is a cut-back in 1953.

Under the object classification you will notice most of that cut-back occurs in personnel under 01, and in supplies and material, 08, which is in a large part chart paper.

Mr. SHEPPARD. Are you prepared at this time to give me a breakdown of the civilian personnel for 1951, 1952, and 1953, both as to positions and man-years, civilian and military?

Captain HOBBS. I have that information, except for the military for 1951.

Mr. SHEPPARD. Insert that in the record when it comes to you.

(The information requested is as follows:)

Budget activity No. 4—Hydrographic Office, table of personnel by projects

Project number and title	1951				1952				1953			
	Civilian		Estimated average military on board	Total man-years, military and civilian	Civilian		Estimated average military on board	Total man-years, military and civilian	Civilian		Estimated average military on board	Total man-years, military and civilian
	Positions	Man-years			Positions	Man-years			Positions	Man-years		
4A. Special Navy-USAF charting project	475	372.8	4.0	376.8	611	574	9	583	623	619	8	627
4B. Undersea warfare project	156	66.1	3.5	69.6	177	167	18	185	220	219	19	238
4C. Nautical and aeronautical project	872	673.7	63.0	736.7	913	858	71	929	868	854	72	926
Reimbursables	80	80.0	.....	80.0	21	21	.....	21	19	19	.....	19
Charges to other appropriations	3	.....	.....	.....	28	.....	.....	.....	20	.....	.....	.....
Total	1,586	1,192.6	[1] 70.5	1,263.1	1,750	1,620	[2] 98	1,718	1,750	1,711	[3] 99	1,810

[1] Includes 20 officer and 30 enlisted man-years at branch hydrographic offices.
Includes 20 officer and 40 enlisted man-years at branch hydrographic offices.

PERSONNEL

Mr. SHEPPARD. What is the increased personnel requirement, positionwise, that falls within budget activity No. 4, irrespective of whether it is 4–A, B, or C?

Captain HOBBS. I would like to say in that connection, sir, that in 1952 exclusive of reimbursable work, we had 1,599 man-years of regular time utilized in all three programs. We had 112 man-years of overtime which gave a total of 1,711 man-years actually performed, or estimated will be performed, by the end of 1952.

In 1953, not counting reimbursable work, we have a total man-year figure of 1,692, which gives a reduction of 19 man-years from the man-year work actually performed in our office in 1952.

The actual man-years of regular time, not counting overtime, indicate an increase of 93. That is 1953 compared to 1952.

Mr. SHEPPARD. Why the increase?

Captain HOBBS. In overtime?

Mr. SHEPPARD. Yes.

Captain HOBBS. Because of the inability to recruit certain types of personnel who cannot be found. We are unable to get them.

Mr. SHEPPARD. It has nothing to do with the ceiling?

Captain HOBBS. The overtime is not due to the ceiling. The ceiling is not influencing us right now, but it is coming very close to it.

NAUTICAL AND AERONAUTICAL PROJECT

Mr. SHEPPARD. I will refer to page 22–55B, and I find there reflected under periodicals and broadcasts, nautical, and aeronautical. For nautical you want $332,000 and in 1952 you had $304,400.

For aeronautical, you want $36,900 and in 1952 you had $35,200.

What type of broadcasts fall within this category of expenditure?

Captain HOBBS. Under the $332,000 item, which represents periodicals and broadcasts, nautical, as differentiated from aeronautical, we have notices to mariners, chart indexes, daily memoranda, and weekly bulletins.

Mr. SHEPPARD. How about your broadcasts?

Captain HOBBS. Radio broadcasts are not included in this item because they go out over the naval communications service and there are no communication charges to us on that.

Mr. SHEPPARD. Tell me what is the difference between periodicals and broadcasts?

Captain HOBBS. There are personnel involved in the preparation of broadcasts and in operating teletype machines.

Mr. SHEPPARD. In your surveys, the largest expense reflected is in geomagnetic surveys, $186,400. What particular type of function are you performing under that?

Captain HOBBS. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. You have appeared before this committee on many other occasions. Is there any particular function within the category which we are presently referring to that you consider new insofar as policy or procedure pertains within your department?

Captain HOBBS. Insofar as policy and procedure is concerned, I would say no.

NAUTICAL CHARTS

Mr. WIGGLESWORTH. I am impressed by the fact that you want to spend $2,208,200 for printing and reproduction.

I find on page 22–55, under the heading "Nautical charts," that you want new charts in the number of 1,549,000. On top of that you have new editions, whatever that is, to the number of 1,407,500 copies. Then you have corrected reprints to the number of 3,763,400 copies. Then you have some more reprints to the number of 802,700 copies. On top of that you have in a different category, I take it, Coast and Geodetic Survey charts to the tune of 1,157,000 copies.

There are 8,717,600 copies just in that portion of the request on top of some 14,000,000 copies which you apparently provided this year, and I don't know how many the year before? Why do you need so much work in this field?

Captain HOBBS. We need it because we are required to furnish charts to the operating forces, MSTS, the Coast Guard, the merchant marine, and other activities. They all use our products. They require them, and the total number of copies indicated of 8,700,00 for 1953 is based on past records of requirements and our estimate of what we will actually issue during that year. That is not an issue figure. It is what we need to produce and procure. We do not produce it all. For instance, under the Coast and Geodetic Survey, 1,157,000 charts are listed. They produce those charts, but under a new law of Congress of last year, we have to purchase them. We have to pay out money to buy them, whereas they were formerly provided free. That costs us in the neighborhood of $800,000 all told for their charts and publications which we have to buy. We issue them to the Navy, and our records and experience indicate that we

are going to have to procure so many charts to meet the requirements.

Mr. WIGGLESWORTH. You show 8,717,600 copies of nautical charts at a cost of $2,699,200 on top of 14,000,000 copies that you printed in 1952. Then below that under aeronautical and Loran charts, you show 15,418,800 copies at a cost of $1,023,300 on top of 9,775,000 copies that you produced in 1952. Those figures, in relation to the personnel in the Navy, or the ships in the Navy, look offhand, to be tremendous.

Captain HOBBS. I think that I can explain that readily. Insofar as 1952 is concerned we were building up mobilization reserves. In 1953 we are now at the direction of the Chief of Naval Operations, establishing eight new air navigation offices throughout the world. Korea has indicated that the Navy needs Army maps. We have never used them before except for intelligence purposes, but the Navy needs them over there, and 3,500,000 of that 15,000,000 are Army Map Service maps which we are stocking and issuing to supply the Navy. That is not costing us money. They are budgeted for by the Army engineers. The Aeronautical Chart and Information Service provides 6,000,000 charts. We provide the Air Force with the aeronautical charts which they require. They provide us with the aeronautical charts which the Navy requires. Those charts, 6,000,000, are furnished to us free by the Aeronautical Chart Service. Those two together account for 9,500,000.

There again, the Coast and Geodetic Survey prepares the aeronautical charts of the continental United States and its possessions. We require 3,000,000 of them. That is a purchase. We have to pay them $452,000 for them. If you will notice the total for the aeronautical and loran charts, the money is less in 1953.

Mr. WIGGLESWORTH. What I am interested in is the over-all numbers that you propose to issue. I do not know how you can issue that number with the size force that we have.

Captain HOBBS. Partly because we have never used the Army Map Service maps before, and we have to stock the new air navigation offices with those maps.

Mr. WIGGLESWORTH. The over-all military personnel requested for the Navy is about 835,000, as I understand it, and about 243,000 for the Marine Corps. That is something over 1,000,000 in the Navy set-up, and you have a total here of 23,000,000 charts of one kind and another.

Captain HOBBS. Experience of people who have come back from Korea who have been flying over the lines is that they cannot use the same chart on successive missions. Each mission may take a new chart.

Mr. WIGGLESWORTH. How many have you actually issued in the first 6 months of the fiscal year 1952?

Captain HOBBS. For the first six months, 5,600,000.

Mr. WIGGLESWORTH. That is against the 23,000,000 that you prepared, or acquired, or expect to prepare or acquire in the present fiscal year? I have no further questions.

NAVAL OBSERVATORY

Mr. SHEPPARD. We will take up budget activity No. 5, the Naval Observatory. Your 1953 estimate is $720,000. In 1952 it was $705,000. This is an increase of $15,000. We will insert the tabulation in the record at this point.

(The tabulation referred to is as follows:)

Number	Project	1951 actual	1952 estimate	1953 estimate
5-A	Preparation and publication of the ephemeris and nautical and air almanacs	$217,574	$237,000	$240,000
5-B	Determination and transmission of time	85,255	74,000	74,000
5-C	Observation, reduction and publication of astronomical data	113,485	131,000	133,000
5-D	Maintenance and operation of buildings, grounds and facilities	200,765	202,000	212,000
5-E	Security	34,921	61,000	61,000
	Total direct obligations	652,000	705,000	720,000

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $398,846.

PREPARATION AND PUBLICATION OF THE EPHEMERIS AND NAUTICAL AND AIR ALMANACS

Mr. SHEPPARD. We will take up your first project, "Preparation and publication of the ephemeris and nautical and air almanacs." Your estimate for 1953 is $240,000, and for 1952 it was $237,000. This shows a slight increase.

Captain GRAF. Of the $240,000, $127,000 will be required for 26 man-years of personal services on the same level as 1952.

Mr. SHEPPARD. We will insert in the record at this point a breakdown of your civilian employees for 1951, 1952, and 1953, both in positions and in man-years.

(The tabulation referred to is as follows:)

Budget activity No. 5—Naval Observatory, table of personnel by project

Project number and title	Fiscal year 1951				Fiscal year 1952				Fiscal year 1953			
	Civilian position	Civilian man-years	Estimated average military on board	Total man-years	Civilian position	Civilian man-years	Estimated average military on board	Total man-years	Civilian position	Civilian man-years	Estimated average military on board	Total man-years
5-A. Preparation and publication of the ephemeris and nautical and air almanacs	26	23	2	25	26	26	2	28	26	26	2	28
5-B. Determination and transmission of time	17	17	.....	17	13	13	.....	13	13	13	.....	13
5-C. Observation, reduction and publication of astronomical data	20	18	1	19	20	20	1	21	20	20	1	21
5-D. Maintenance and operation of buildings, grounds and facilities	38	32	1	33	42	40	1	41	42	40	1	41
5-E. Security	19	21	.....	12	19	18	.....	18	19	18	.....	18
Total	120	102	4	106	120	117	4	121	120	117	4	121

Mr. SHEPPARD. What particular activity is new in this subproject?

Captain GRAF. Nothing new, sir.

DETERMINATION AND TRANSMISSION OF TIME

Mr. SHEPPARD. We will take up the next item, Determination and Transmission of Time. Your estimate for 1953 is $74,000 and your estimate for 1952 was $74,000. This would indicate about the same activity.

Captain GRAF. Practically all our activities at the Observatory have leveled off over the past several years. They are the same from year to year on a continuing basis.

Mr. SHEPPARD. Is there anything particularly new in this operation?

Captain GRAF. No, sir.

OBSERVATION, REDUCTION, AND PUBLICATION OF ASTRONOMICAL DATA

Mr. SHEPPARD. We will take up the next item, "Observation, reduction, and publication of astronomical data." For 1953 you want $133,000. In 1952 you had $131,000.

Captain GRAF. The $2,000 increase is because of material that has accumulated that we are ready to put into print and publish. It is over and above the normal yearly average.

Mr. SHEPPARD. What has caused the increase?

Captain GRAF. It is information that we have been working on for the past several years and it is now ready for publication. It so happens that there are several more pages ready now than are normally ready. That accounts for the $2,000 increase.

MAINTENANCE AND OPERATION OF BUILDINGS, GROUNDS, AND FACILITIES

Mr. SHEPPARD. The next item is "Maintenance and operation of buildings, grounds, and facilities." Your 1953 estimate is $212,000. Your estimate for 1952 is $202,000.

Captain GRAF. The $10,000 increase there is primarily due to the maintenance work on our roads, which is necessary, the repair of paving around the Observatory grounds, and the rehabilitation of some of our electrical wiring which needs renewal.

Mr. SHEPPARD. This sum is entirely applied to maintenance and operation?

Captain GRAF. Yes, sir.

Mr. SHEPPARD. Can you divide the two? Do you have that figure readily at hand? Can you break it down and supply it for the record?

Captain GRAF. Yes, sir.

(The information requested is as follows:)

Budget activity No. 5—Naval Observatory: Maintenance and operation of buildings, grounds and facilities

Function	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953
Maintenance	$127,765	$113,000	$123,000
Operation	73,000	89,000	89,000
Total	200,765	202,000	212,000

SECURITY

Mr. SHEPPARD. We will take up the next item, "Security." This is small but important. You are requesting $61,000 in 1953 and you had the same amount in 1952.

Captain GRAF. That is entirely salaries of the security personnel, the police and guards.

Mr. WIGGLESWORTH. No questions.

Mr. SHEPPARD. We thank you for your appearance.

Captain GRAF. Thank you, sir.

INTER-AMERICAN AFFAIRS

Mr. SHEPPARD. We will take up the next budget activity, Inter-American affairs. Your request for 1953 is $353,000. In 1952 it was $344,000.

We will insert the table at the top of page 22–64 in the record at this point.

(The tabulation referred to is as follows:)

No.	Project	1951 actual	1952 estimate	1953 estimate
6–A	Establishments, maintenance and operation	$207,630	$209,900	$216,400
6–B	Tours, visits and official representation	63,370	61,150	61,600
6–C	Training films and expenses	53,000	72,950	75,000
	Total direct obligations	324,000	344,000	353,000

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $246,761.

ESTABLISHMENTS, MAINTENANCE AND OPERATION

Mr. SHEPPARD. We will take up the first item, "Establishments, maintenance and operation." Your estimate for 1953 is $216,400. Your estimate for 1952 was $209,900. That is a slight increase. Why?

Admiral MILES. There is a slight increase in the cost of procuring personnel services, material and equipment.

Mr. SHEPPARD. I wish that you would insert in the record the amount of civilian personnel in 1951, 1952, and 1953, both as to positions and man-years, and include the military.

Admiral MILES. In the fiscal year 1951 we had 60 officers and 74 enlisted men and 58 civilians, or a total of 192 employed in this project.

In 1952 we had 61 officers, 82 enlisted, and 63 civilians, or a total of 206.

In the fiscal year 1953 we estimate 61 officers, 82 enlisted men, and 63 civilians, or a total of 206.

TOURS, VISITS, AND OFFICIAL REPRESENTATION

Mr. SHEPPARD. Item 6–B, "Tours, visits, and official representation." In 1953 you want $61,600. In 1952 your estimate was $61,150. This indicates an increase. Why is it necessary and why are the tours and visits necessary at all?

Admiral MILES. Tours, visits, and official representation, Mr. Chairman, bring prominent Latin-American people up to the United States so that we can show them what we have here.

Mr. SHEPPARD. It could be defined, without delving into the imaginary too far, public relations.

Admiral MILES. Yes; and promotion of good will.

TRAINING FILMS AND EXPENSES

Mr. SHEPPARD. The next item is "Training films and expenses." In 1953 you have estimated $75,000. In 1952 your estimate was $72,950. This reflects an increase. What type of training films do you handle, or do you procure or pay for under the head of training films?

Admiral MILES. We have training films of all kinds that are produced by the United States Navy, but they are useless for use in Latin-American navy because of the Portuguese and Spanish languages. Therefore, we take the United States Navy training films and translate them into Portuguese and Spanish and send them to the Latin-American navies, where they are used in their ships and training establishments.

Mr. SHEPPARD. There seems to be reflected a translation cost of approximately $25 per film.

Admiral MILES. That is correct, for nontranslated films. The ones that we translate into the Latin languages cost about $1,300 per film.

Mr. SHEPPARD. You plan this operation monthly to 10 countries at a cost of approximately $1,000 per month?

Admiral MILES. It is a very effective way of training a navy.

Mr. WIGGLESWORTH. You tell us that you have 206 people all told engaged in this work at Argentina, Brazil, Chile, Colombia, Cuba, Ecuador, Haiti, Peru, and Venezuela. This is nine missions at an average of roughly 23 people per mission.

Are the naval attachés and personnel connected with those attachés in each one of these countries?

Admiral MILES. No, sir. The naval attachés come under a separate organization, Office of Naval Intelligence.

Mr. WIGGLESWORTH. I say, as a matter of fact, are there naval attachés and their staffs at each of these nine countries?

Admiral MILES. Yes, there are in each country.

Mr. WIGGLESWORTH. Why cannot they do the work that these staffs are doing?

Admiral MILES. Naval attachés are solely United States naval personnel. They have no relation to foreign government, whereas the naval mission personnel also have a contract with the foreign governments and they are working right inside the foreign governments' navies, which is not what you would expect of a naval attaché. The mission people are also employed by the South American countries as well as our Navy.

Mr. WIGGLESWORTH. How many officials do you expect to bring up here in 1953?

Admiral MILES. We have budgeted for three.

Mr. WIGGLESWORTH. At $20,000 a trip?

Admiral MILES. This also includes representation funds for people in the missions who entertain and represent the United States in the country concerned. The actual cost of bringing an official up here varies between $6,000 and $9,000.

DEPARTMENTAL ADMINISTRATION

Mr. SHEPPARD. We will take up budget activity No. 7, "Departmental administration." Your request for 1953 is $12,742,000. In 1952 it was $12,294,000. This represents an increase of $448,000.

We will insert page 22-71 in the record at this point.

(The tabulation referred to is as follows:)

No.	Project	1951, actual	1952, estimate	1953, estimate
7A	Office of Chief of Naval Operations	$3,459,241	$3,943,000	$3,921,000
7B	Office of Judge Advocate General	613,000	690,000	828,000
7C	Executive Office of Secretary of Navy	6,644,848	7,661,000	7,993,000
	Total direct obligations	10,717,089	12,294,000	12,742,000

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $7,037,392.

OFFICE OF CHIEF OF NAVAL OPERATIONS

Mr. SHEPPARD. I note the project is broken down into three subdivisions or activities. We will take up the first, "Office of the Chief of Naval Operations." Your request for 1953 is $3,921,000. In 1952 it was $3,943,000.

You will present your requirements for the estimate reflected and tell me why the increase was necessary.

Mr. LEMAY. This budget activity covers six projects, which comprise an organizational breakdown of the Office of the Chief of Naval Operations. Those six projects are "Executive direction," which consists of the Office of the Chief of Naval Operations, the Inspector General, the Progress Analysis Group, and the Assistant Chief of Naval Operations (Naval Reserve).

Mr. SHEPPARD. For that you want $237,850 in your estimate for 1953, and you had $230,460 in 1952.

Mr. LEMAY. Yes, sir.

MILITARY PERSONNEL

Mr. SHEPPARD. The next item reflected is military personnel. You want $22,610 in 1953. You had $22,749 in 1952. This reflects a decrease.

Mr. LEMAY. Yes, sir.

Mr. SHEPPARD. What are you doing with that much personnel, and how much is involved?

Mr. LEMAY. Military personnel, 18.

Mr. STOCK. These are the people that run the office and handle the allocation of military personnel for the Navy.

Mr. SHEPPARD. Does this reflect any increased personnel, either civilian or military?

Mr. STOCK. No change at all, sir.

ADMINISTRATION

Mr. SHEPPARD. We will take up the item "Administration." Your request for 1953 is $1,351,290. For 1952 it was $1,347,253. This reflects an increase.

Mr. LEMAY. Yes, sir.

Mr. SHEPPARD. Why?

Mr. LEMAY. That increase in the amount of $4,037 is the result of pluses and minuses throughout the various administrative costs of this project.

The most significant increase is in personal services, an increase of $27,293, which is reflected on page 22–83. There is an increase of seven man-years in this project. Two of these man-years are to pay full-year salaries of employees in 1952. Five of these man-years are for employees who operate IBM machines.

OPERATIONS

Mr. SHEPPARD. The next item is "Operations."

In 1953 your estimate is for $873,822. In 1952 you had $979,886. This shows a decrease. How many man-years and positions do you have connected with this operation, both military and civilian?

Mr. LEMAY. Military man-years, 328, and civilian, 70. That is for 1953.

LOGISTICS

Mr. SHEPPARD. The next item is "Logistics." Your estimate for 1953 is $662,239. In 1952 it was $653,632.

What is the amount of personnel involved in this operation, both civilian and military, if you have it?

Mr. LEMAY. I have the man-year figures. Military for 1953, 200; civilian, 119. I will supply the positions.

(Civilian positions for 1953 are 125.)

AVIATION

Mr. SHEPPARD. Your next item will be "Aviation." You are requesting $773,189 in 1953. Your 1952 estimate was $709,020. This reflects an increase. What are you doing under the title "Aviation"?

Mr. LEMAY. The major increase, or the most significant increases, under aviation are for rents and utilities in the amount of $36,294, and printing and reproduction in the amount of $25,615.

Mr. SHEPPARD. Am I to understand the people who are functioning in this line of work are confined to aviation, and that is why we have the word "aviation"?

Mr. LEMAY. Yes, sir.

Mr. SHEPPARD. It has to do with aviation topics that flow into this particular division?

Mr. LEMAY. Yes, sir.

Mr. SHEPPARD. Is this office under the cognizance of Admiral Cassady?

Mr. LEMAY. Yes, sir.

Mr. FERNANDEZ. On page 22–85 you described a number of trips that are covered by the appropriation discussed on that page, and among those I find 46 in connection with pan-American affairs.

Mr. LeMay. Yes, sir.

Mr. Fernandez. Has that any connection at all with budget activity No. 6 that was described a while ago with respect to inter-American affairs?

Mr. LeMay. This is for the personnel of that activity.

Mr. Stock. The departmental office here in Washington, people from this office who travel on that program.

PERSONNEL

Mr. Wigglesworth. Can you give me for the Office of Chief of Naval Operations the over-all figures for personnel, civilian and military, for 1952 and 1953?

Mr. Stock. I have the civilian right here; 1952, positions, 614; man-years, 580; 1953, positions, 622; man-years, 595. There is an increase of 8 positions and 15 man-years. Ten of the increased man-years are for continuing full employment in 1953 of people who were recruited under the 1952 budget.

Mr. Wigglesworth. That are actually on the rolls now?

Mr. Stock. Yes, sir. The other five are to provide the man-year equivalent of the eight additional positions that we are asking for IBM operators.

Mr. Wigglesworth. What character are those five?

Mr. Stock. IBM operators. I think they come in at about grade 3 or 4.

Mr. Wigglesworth. How many IBM operators do you have now?

Mr. LeMay. Approximately 40.

Mr. Wigglesworth. How about the military personnel?

Mr. LeMay. No military personnel in IBM.

Mr. Wigglesworth. But in the Office of the Chief of Naval Operations.

Mr. Stock. Fiscal year 1951, a total of 1,023 military; fiscal year 1952, 1,053; fiscal year 1953, estimated, 1,079.

(Additional information supplied for the record.)

Budget activity 7A, departmental administration, CNO, table of personnel by project

Project	Fiscal year 1951				Fiscal year 1952				Fiscal year 1953			
	Civilian positions	Civilian man-years	Estimated average military on-board	Total man-years military and civilian	Civilian positions	Civilian man-years	Estimated average military on-board	Total man-years military and civilian	Civilian positions	Civilian man-years	Estimated average military on-board	Total man-years military and civilian
7A-1. Executive direction	35	23	146	169	27	24	151	175	27	26	149	175
7A-2. Military personnel	7	6	17	23	6	6	18	24	6	6	18	24
7A-3. Administration	225	187	129	316	238	230	117	347	246	237	110	347
7A-4. Operations	71	57	298	355	75	68	313	381	75	70	328	398
7A-5. Logistics	120	106	182	288	125	117	191	308	125	119	200	319
7A-6. Aviation	149	124	251	375	143	135	263	398	143	137	274	411
Total	607	503	1,023	1,526	614	580	1,053	1,633	622	595	1,079	1,674

OFFICE OF THE JUDGE ADVOCATE GENERAL

Mr. SHEPPARD. We will take up the next project, 7–B, "Office of the Judge Advocate General." Your request for 1953 is $828,000 and your request for 1952 was $690,000. This shows an increase in your requirements. Why the increase and what types of expenditures are going to be involved in the increase?

Admiral RUSSELL. There is a breakdown of those increases into categories 1 to 8.

First is personal services, which includes the salaries of civilians. There is a net change of $3,625 upward. The travel money is increased in our estimate sheet because in the last fiscal year some of our lawyers were traveling around and the Chief of Naval Operations was footing the bill, and they have declined to do that any longer, so we have had to ask for it ourselves.

Those men were chiefly in teams which were negotiating for leased bases overseas.

DETAIL OF PERSONAL SERVICES

Mr. SHEPPARD. I note on the breakdown that I have here that your estimate for personal services in 1953 is $579,625 and your estimate for 1952 was $576,000, which reflects an increase of $3,625.

Admiral RUSSELL. Yes.

Mr. SHEPPARD. Will you break that down in the record and give us the amount of the civilians involved in this particular branch for 1951, 1952, and 1953? I would like to have that in both divisions, man-years, and then a separate column for the military.

(Subject matter to be inserted covered subsequently in testimony of witness.)

Mr. SHEPPARD. You have already explained the reason for the increase in travel, which has been caused by a change in the source of payment.

Admiral RUSSELL. That is correct.

Mr. SHEPPARD. From the Chief of Naval Operations to the Office of the Judge Advocate General.

Admiral RUSSELL. That is right.

Mr. SHEPPARD. What percentage of the difference would that make? Would it make the plus of $14,000 reflected, or only a portion of the $14,000?

Admiral RUSSELL. It would be all of it.

Mr. SHEPPARD. You have not increased the mileage aspect of the travel?

Admiral RUSSELL. That is correct.

Mr. FERNANDEZ. You just did it out of a different pocket?

Admiral RUSSELL. That is right. The same is true of communications.

Mr. SHEPPARD. Your next item is communications. Your estimate for 1953 is $16,000. You show an increase here of $8,000. Is the explanation pertaining to the $8,000 the same as for the Chief of Naval Operations interchange on travel?

Mr. PRICE. Yes; the estimate of $8,000, which is included in the record for the fiscal year 1952, is an estimate which was furnished to the Office of the Judge Advocate General as of the time that we first, in that year, began to support our own communications costs. That

$8,000 has proved to be inadequate, and as an example of the situation, our expenditures under that activity already through only the month of February, eight-twelfths of the year, have reached $9,102.44.

Mr. SHEPPARD. What is going to happen to you under the circumstances? The committee has followed a pretty hard-boiled policy of not exceeding budgets. In fact, we have in many instances gone below the budget, as you well know. Where will you get the money?

Mr. PRICE. It will have to be taken up somewhere from some of the other accounts in there, as shown in the A–2 column.

Mr. SHEPPARD. You do not suppose, Mr. Comptroller, that we might be able to knock on the door of the surplus fund for emergency purposes within the confines of the Secretary of Defense and have the slack taken care of?

Admiral CLEXTON. I do not believe that we could get any help from them.

Mr. SHEPPARD. Why not, is not this a matter of emergency?

Admiral CLEXTON. That money was set aside, mostly research and development and things of that sort.

Mr. SHEPPARD. What you are saying to me is that so far as you are able to look over the picture and analyze the possibilities of getting the additional funds for this particular operation within the Judge Advocate General's Office, they will have to take it out of some other function in the office?

Admiral CLEXTON. Somebody else's money in there will have to be used for that additional.

PRINTING

Mr. SHEPPARD. The next item is "Printing." Your 1953 estimate is $74,000. Your 1952 estimate was $45,000. This is an increase of $29,000. How much of this increase is attributable to the discrepancy that we just discussed?

Mr. PRICE. I do not believe that it is attributable to it at all. Under the Uniform Code of Military Justice which became the law under which we administered naval justice in 1951, or shortly prior to that time, it became necessary for the sake of uniformity of processing courts-martial records within the service for the Judge Advocate General to establish certain Department of Defense forms which were to be used by all convening authorities in the preparation of a record of court martial for submission for review at the Office of the Judge Advocate General. These forms, by the way, are standard forms which have been approved for us and put into use by all three services, the Army, the Navy, and the Air. That is one of the major items involved in the $29,000 increase.

The other items are a transfer to the cognizance of the Judge Advocate General's fund to provide for the publication of a little volume entitled "Laws Relating Chiefly to the Navy," which was prior to the fiscal year 1953 paid for by the executive office of the Secretary.

Mr. SHEPPARD. The next item is "Maintenance." Your 1953 estimate is $20,375. Your 1952 estimate was $3,000. This is an increase of $17,375. Again, I ask how important is this maintenance as against the deficiency of your communications?

Mr. PRICE. Here, sir, is where you will see the diversion of funds. In 1952 we have had to divert funds from this appropriation which appropriated to us, $10,000 in 1952 to personal services to absorb the cost of the Civilian Pay Act. This is one of the programs that sustained a cut in order for us to transfer those funds into the personal services accounts. In order to transfer that money it was necessary for us to stall off certain recurring maintenance. In particular, in 1953, we believe it is urgently necessary to do considerable rearranging of the three divisions in our office. Because of the extreme tightness of space in our area in the Pentagon, we have had to split up one of our divisions in order to release some space to a neighboring activity. The result of that at the moment is that we have our organizations spotted and mixed in among each others. It does not make for a good, efficient, and clean operation.

Mr. SHEPPARD. I want to call your attention to what appears at the moment to be a discrepancy in figures with reference to what you said a moment ago. The estimate that I have for maintenance is reflected as being for 1952, $3,000, and you referred to a transfer of $10,000.

Mr. PRICE. It is programed there at $3,000. It was originally appropriated to us at the beginning of the year at $10,000. We transferred from there $7,000 as that particular program's contribution to the cost of paying the cost of civilian pay increases.

Mr. SHEPPARD. Then your actual estimate for 1953 was not $3,000.

Mr. PRICE. Originally, no; it was $10,000.

Admiral RUSSELL. That figure is misleading.

Mr. SHEPPARD. That is why I wanted to clear up the record. Your statement was different. It showed a discrepancy of $7,000.

Mr. PRICE. The original budget estimate for maintenance for fiscal 1952 was $10,000. Because of the subsequent necessity during the fiscal year for absorbing the costs of pay raises for civilian employese, $7,000 of this fund was applied to that purpose.

SUPPLIES

Mr. SHEPPARD. Your next item is "Supplies." Your request for 1953 is $94,000, and your estimate for 1952 was $35,000. This represents an increase of $59,000.

Mr. PRICE. That is right.

Mr. SHEPPARD. Will you please explain the increase and what you are going to do with the additional $59,000?

Mr. PRICE. A reduction of $2,000 in the support of field law libraries. An increase of $1,000 for the purchase of miscellaneous office supplies to support the larger volume of business. An increase of $60,000 to provide for our obligations under a contract with the Lawyer's Co-operative Publishing Co. in conjunction with the Army and the Air Force to provide a digest of opinions and court-martial reports of the three Judge Advocates General and the Court of Military Appeals.

Mr. SHEPPARD. Does that absorb the increase of $59,000?

Mr. PRICE. Yes; those three items.

EQUIPMENT

Mr. SHEPPARD. We will take up equipment. Your estimate for 1953 is $10,000. For 1952 it was $3,000. This reflects an increase of $7,000. What are you going to do with the $7,000 additional?

Mr. PRICE. Off the record.

(Discussion off the record.)

Mr. PRICE. I have here before me an itemized list of just exactly what we intend to buy in 1953 with the $10,000. Because of our very tight manpower situation—we are working under a manpower ceiling—and lacking qualified stenographers under that ceiling, we want to buy eight working units of dictaphone equipment to be used with lower salaried typists rather than pay for higher salaried stenographers, and eight such units will come to a little better than $5,000.

We want to buy 15 new typewriters that will cost us a net amount of $1,326.75. The list price to the Government per typewriter is $118.40 minus $30 per machine trade-in allowance.

The reason is that we have 150 typewriters in the office of which 122 are 10 years old, or older. In a lot of cases we have a hard time getting a presentable copy from the old machines.

We have within the Office of the Judge Advocate General eight wooden file cabinets which we cannot store security material in, or classified material. We would like to replace those wooden cabinets with metal file cabinets in which we can store confidential and secret information. That will take up the entire amount of the $10,000 requested for 1953.

TAXES

Mr. SHEPPARD. The next item is taxes. For 1953 your estimate is $2,000. What type of taxes is your division called upon to pay?

Mr. PRICE. The payroll taxes required under the Social Security Administration.

CLAIMS DIVISION WORKLOAD

Mr. SHEPPARD. What is your present backlog of work as of the latest date you have?

Admiral RUSSELL. The only place that we have a backlog is in the Claims Division. We are practically current in our court-martial review, although it has taken a little longer than we wished to process some of these cases. There is a resultant increase in the brig population that we do not like, and we are making every effort to cut it down.

There are about 974 cases of claims that have to be processed, and we are standing by to get 2,295 more when we have completed the investigations; otherwise, my office is current.

Mr. SHEPPARD. If I recall correctly from a year ago, and I may be in error, you have made a considerable advance in cleaning out a pretty sizable backlog, have you not?

Admiral RUSSELL. Yes, we have. We have had to work people overtime to do it, I might say.

Mr. SHEPPARD. I wish that you would put in the record at this point a breakdown of your civilian personnel for 1951, 1952, and 1953, on the basis of man-years and on the basis of positions, and then add to

that, in a separate column, the military in each year that I have referred to.

Admiral RUSSELL. All right.

Mr. SHEPPARD. Is there any particular new aspect to your operation, policywise, compared with the presentation that you made before the committee a year ago?

UNIFORM CODE OF MILITARY JUSTICE

Admiral RUSSELL. Yes; we have had the benefit of experience with the Uniform Code of Military Justice since I last appeared here. That went into effect on the 31st of May 1951. That change has represented a tremendous amount of work. We have had to practically double our office force and double our reviewing force. We have had to travel around to get this thing working. The procedures are such that I spent a lot more of my time at it and so has everyone else along the line.

We are required—and when I say "we," the three judges of the Court of Military Appeals and my opposite numbers and I—are required by the Code of Justice to make an annual report to the Congress on the working of the code, and make suggestions for its improvement. We have had to wait until we have had some experience with the code before we could find out what was the matter with it, if anything.

I will state for the record that I think essentially the code represents a step forward, but there are some bugs in it, and in due course we will make our report to the Congres, and that will be taken up presumably by the Armed Forces Committee.

OVERTIME PAYMENTS

Mr. SHEPPARD. I would like to ask another question. Due to the apparent necessity for cleaning up your workload, do you have immediately available the amount of overtime that you have paid out to the personnel to accomplish the purpose that you have referred to?

Admiral RUSSELL. I do not have it here, but I can get it and put it into the record.

Mr. PRICE. I will tell you what it will result in at the present level. By the end of this year, $17,000. The exact amount through March 15, 1952, is $12,916.24.

Mr. SHEPPARD. Am I to assume, Mr. Price, your position is that of operating in the budget field within the department?

Mr. PRICE. As the Administrative Officer of the Judge Advocate General, I am his budget officer.

Mr. SHEPPARD. Do you have at this time any opinion that you care to express based upon experience as to whether it would cost less money to put on enough people to do the work and avoid overtime?

Mr. PRICE. It has been my observation from experience that it is much more economical to accomplish the job with an adequate staff of personnel, working them 40 to not over 44 or 45 hours per week without the necessity for overtime.

Mr. SHEPPARD. You could apply the overtime funds that you are providing in your estimates for 1952 to the direct payment of regular

employees and accomplish better results than you can by the expenditure of overtime funds; is that it?

Mr. PRICE. Correct, sir.

Admiral RUSSELL. May I say something there, sir?

Practically all of our overtime has been in the court-martial work, and I give that a very high priority in comparison with something like a claim. If someone is a couple of months slow in getting his money, that is one thing, but if it means that a man has to stay in confinement another month, or another week longer, I do not like that, and that is why I put my people to work overtime, to try to speed the cases along.

Mr. SHEPPARD. I did not have in mind any criticism of your application of overtime. What I was trying to resolve in my own mind is the point of diminishing returns in the application of overtime per body, per person. My own business experience has taught me—and I have paid to learn it—that it is far more economical to put on enough men to do the job within a reasonable time as compared to paying overtime. That is what my personal experience has been. I was just wondering if you concurred in my thinking.

Admiral RUSSELL. Yes, I concur.

Mr. FERNANDEZ. Apparently you are using a different breakdown from the one that we have in the justifications before us. I was unable to follow you very closely and I want to refer to the chart in our justifications, pages 22–103. The third item is the administration of military justice and the fourth item is the settlement of claims and general law matters and the fifth is legislative affairs, and they take up the major portion of the increase of approximately $120,000.

Mr. PRICE. That is correct.

Mr. FERNANDEZ. Is that due to the passage of the Code of Military Justice?

Admiral RUSSELL. Not entirely. A part of it is.

Mr. FERNANDEZ. To what extent is it due to that?

Admiral RUSSELL. I do not know whether I could give you an accurate estimate, but we will say that perhaps half of it is due to the Code of Justice and the other half is due to the increase in the size of the Navy and the Marine Corps.

Mr. FERNANDEZ. From explanations that I was able to follow awhile ago, I thought that it would be a little more than that.

Mr. PRICE. I believe that I can clear up your question. The Uniform Code of Military Justice is administered by one division entitled, "Administration of Military Justice." That is item 7–B–3. For its proportionate share of the increase we are requesting $95,000, which appears on page 22–106. That consists of a number of items that are explained on that page, all of which are attributable in the main to the increased costs of operation under the code, supplemented by the enlarged size of the Navy and the Marine Corps, which themselves create additional volumes of work.

Mr. FERNANDEZ. Consequently, approximately $95,000 of the total of $138,000 increase is due, in large measure, to the Uniform Code of Military Justice?

Mr. PRICE. Yes.

OBLIGATIONS AND EXPENDITURES

Mr. WIGGLESWORTH. You had $690,000 for this year. What were your actual obligations and your actual expenditures as of December 31 last?

Mr. PRICE. The actual obligations as of December 31, 1951, $397,833. That represents 58 percent of the funds appropriated to the Judge Advocate General for the fiscal year 1952.

Mr. WIGGLESWORTH. What were your actual expenditures?

Mr. PRICE. Actual expenditures as of December 31, $333,534, representing 48 percent of the appropriated fund.

PERSONNEL

Mr. WIGGLESWORTH. You are asking here for $828,000, which is an increase of $138,000, or exactly 20 percent. I wonder if we could have those personnel figures that Mr. Sheppard asked for.

Mr. PRICE. I can give you those right now, sir. In 1951 we had 122 positions and 111 man-years of employment. In 1952 we had 151 positions and 134 man-years of employment. In 1953, again, 151 positions and 140 man-years of employment, estimated.

Mr. WIGGLESWORTH. How many do you have on board now?

Mr. PRICE. 135.

Mr. WIGGLESWORTH. Actually on the rolls?

Mr. PRICE. Yes. That is as of today.

Mr. WIGGLESWORTH. How about the military?

Admiral RUSSELL. I can give you the figures on board now. We have 126 officers all told, of whom 115 are Navy and 11 are Marines.

Mr. WIGGLESWORTH. What do you anticipate in 1953?

Admiral RUSSELL. No change.

Mr. WIGGLESWORTH. How many lawyers do you have in your set-up, either military or civilian?

Admiral RUSSELL. All are lawyers except 20.

Mr. WIGGLESWORTH. Both civilian and military?

Admiral RUSSELL. No. The civilian attorneys number 16. All the rest are clerical.

Mr. WIGGLESWORTH. That means that you have 16 civilian and 106 military?

Admiral RUSSELL. That is correct, sir. I did have 17 civilian attorneys, but one just retired for reasons of health. He had a bad heart.

Mr. WIGGLESWORTH. You seem to reflect on page 22–103 an increase from $255,000 in 1952 for administration of military justice to $350,420 in 1953, and yet you tell us that your work in that field is current. Why do you need this 40 percent increase?

Admiral RUSSELL. Part of it is an anticipated increase in the size of the Navy and the Marine Corps. I will ask Mr. Price to answer the rest.

Mr. PRICE. That contemplates, sir, no increase at all other than that one man-year. The total amount of money requested there is represented by the cost of Digest of Opinions, which is a publication.

Mr. WIGGLESWORTH. Forty percent looks like a tremendous increase.

Mr. PRICE. Shall I itemize it for you?

Mr. WIGGLESWORTH. Do you have it there?

Mr. PRICE. Yes.

Mr. WIGGLESWORTH. This says:

Of this amount, $50,000 is a continuation of the expenditure for the joint printing by the Army, the Navy, and Air Force of the Digest of Opinions of the Judge Advocate General and the Court of Military Appeals.

You have been doing that right along, have you not?

Admiral RUSSELL. No, sir.

Mr. WIGGLESWORTH. This is a new activity?

Admiral RUSSELL. Yes.

Mr. WIGGLESWORTH. It says, "continuation."

Mr. PRICE. It was included in our appropriation funds for 1952, but it also has, as we believe we have explained, been necessarily diverted to pay the cost of civilian pay act increases in 1952.

Mr. WIGGLESWORTH. So you have not been publishing this at all.

Mr. PRICE. It has not been published to date.

Mr. WIGGLESWORTH. This says also:

The balance of $35,000 is to provide for (1) the costs to the Navy incident to providing to the Naval Establishment stocks of forms used in the trial of Navy personnel by courts martial.

Why do you need this increase?

Mr. PRICE. Because, sir, under the Uniform Code of Military Justice, the opinions of our Court of Review are being disseminated to the extent of 250 addressees. Each opinion of the Board of Review which would become legal precedent material for the use of lawyers in the field levels of court martial are sent to those officers for their guidance, to minimize the additional problems that arise when improper legal opinions, or opinions which are not following the precedents, are given.

Admiral RUSSELL. What you say is true, but the main reason for that is the promulgation of the action of these boards of review which enable the commanding officer to notify a man under sentence of discharge that that is the time from which his appeal begins to run. He has 30 days to take an appeal to the Court of Military Appeals.

Mr. WIGGLESWORTH. Have you been doing that work?

Admiral RUSSELL. Yes.

Mr. WIGGLESWORTH. Why do you need $35,000 increase?

Mr. PRICE. It will be only about $11,000 of that increase, sir. We have there again been forced to put aside a continuing program such as our equipment procurement and supply procurement in order to provide these things which are more necessary and which are necessarily required immediately which we have not included within the original budget estimates for 1952.

Mr. WIGGESWORTH. I notice from the breakdown that Mr. Sheppard was working from that you request increases of $14,000 for travel, of $8,000 for communications, of $29,000 for printing, of $17,375 for maintenance, of $59,000 for supplies, and of $7,000 for equipment. It seems as if this over-all increase of 20 percent is pretty substantial.

Is this table in the record, Mr. Chairman?

Mr. SHEPPARD. No; it is not.

Mr. WIGGLESWORTH. If there is no objection, I think that I will insert it at this point in the record.

Mr. SHEPPARD. We will insert the table at this point.

(The table referred to is as follow:)

RECAPITULATION OF JAG MONEY, 1951–53, BY OC

Obligations by object—Program

	Actual, 1951	Estimate, 1952	Change (+) or (−)	Estimate, 1953
1. Personal service	$417,643.37	$576,000	+$3,625	$579,625
2. Travel	12,901.81	18,000	+14,000	32,000
3. Communication	0	8,000	+8,000	16,000
4. Printing	142,006.25	45,000	+29,000	74,000
5. Maintenance	4,096.97	3,000	+17,375	20,375
6. Supplies	25,619.45	35,000	+59,000	94,000
7. Equipment	10,050.80	3,000	+7,000	10,000
8. Taxes	681.35	2,000		2,000
Total	613,000.00	690,000	+138,000	828,000

Mr. SHEPPARD. We thank you very much, gentlemen, for your appearance.

EXECUTIVE OFFICE OF THE SECRETARY OF THE NAVY

We will take up our next budget activity, project 7–C, Executive Office of the Secretary of the Navy. You are asking for 1953, $7,993,000. In 1952 your estimate was $7,661,000. This shows an increase of $332,000. Do you have a prepared statement that you wish to make?

Mr. DILLON. Yes, sir.

GENERAL STATEMENT BY JOHN H. DILLON, ADMINISTRATIVE ASSISTANT TO THE SECRETARY OF THE NAVY

Mr. Chairman and members of the committee, my name is John H. Dillon, Administrative Assistant to the Secretary of the Navy. I am appearing to justify the budget activities within this appropriation which support the Executive Office of the Secretary and the projects or field activities of that office. These activities are numbered 7–C through 12, and will be found in the justification book on pages 22–108 through 22–136. In total, the estimates for fiscal year 1953 amount to $12,227,000 as compared to $11,633,000 in fiscal year 1952.

The Executive Office of the Secretary, the departmental expenses of which are included in budget activity 7–C, is a term used to identify, organizationally, the immediate offices of the Secretary and his civilian executive assistants (Under Secretary, Assistant Secretary, Assistant Secretary for Air, and the Administrative Assistant to the Secretary), together with those departmental staff offices and boards which have been established to assist these officials and the components of the Naval Establishment in discharging their responsibilities. It is composed of 17 organizations whose functions are described in more detail in the justification for budget activity 7–C. This justification is arranged to describe the area of responsibility assumed by the Secretary and each of his civilian Executive Assistants, followed in each instance by a description of the office or boards which have been assigned to each of these officials to assist them in their duties. The estimate for this budget activity is $7,993,000, which will provide for the support of 1,292 civilian positions (average employment of 1,263), together with the administrative support of these personnel and the assigned military personnel. Essentially, this budget provides the same level of employment as we now have except for the addition of 29 positions in the Office of Naval Material.

Budget activity No. 8 includes expenses connected with the printing and publications program of the Navy for which the executive office of the Secretary has management responsibility. The largest project in this activity is the replacement and modernization of equipment utilized by the defense printing service, Washington and the Navy printing service, field, the former providing administrative printing service for the Department of Defense at the seat of government, and the latter providing the administrative printing service for

all naval activities in the field. The estimate of $375,000 for this project is 1 year's installment on a long-range replacement program and provides for replacing approximately 4.4 percent of the current value of all equipment utilized in these operations. This compares to a normal replacement rate of approximately 10 percent. The total request for this activity amounts to $679,000 which includes provision for a more efficient system for the issuance of Navy directives, and the procurement of standard forms prescribed for use throughout the Naval Establishment.

The executive office of the Secretary also has responsibility for the records management program which is supported by budget activity No. 9. This program has as one of its objectives the provision of low-cost storage and service on Navy's records until they are disposed of, in accordance with predetermined schedules, by transfer to the National Archives or otherwise. This objective is achieved by the systematic transfer of semiactive and noncurrent records from expensive and critically needed office space to five naval records management centers located strategically throughout the country. Another phase of our records program, aimed at controlled the creation and use of current records, is performed by a small staff of district records management officers who are assigned to naval district headquarters to assist activities in the area in applying modern office systems and equipment in the conduct of their business. The estimate of $1,730,000 represents a decrease of $160,000 from the 1952 requirements resulting from the transfer of personnel records of former Navy civilian employees from our center at Mechanicsburg, Pa., to the General Services Administration.

Budget activity No. 10 supports the 11 area wage and classification offices which are responsible for classifying all positions in the Naval Establishment subject to the Classification Act of 1949 and, in addition, furnishing technical guidance in the conduct of wage surveys for blue-collar workers and assisting in the solution of wage problems. No significant change is planned for this program in fiscal year 1953 for which the requirements are estimated to be $1,030,000 to continue the employment of 191 people.

The budget activity "Public information," which is numbered 11, provides for three projects: (1) full support of the fleet home town news center for which the $137,000 estimate will permit the continuation of the present level of operation, (2) motion-picture films for public consumption produced under the supervision of the Office of Information at an estimated fiscal year 1953 cost of $40,000 and (3) Navy's support of the Office of Public Information, Office of Secretary of Defense.

The portion of budget activity No. 12, "Contingencies of the Navy" which I will present covers $243,000 of the $42,132,000 requested for fiscal year 1953. This portion provides for emergency expenditures, official representation for the Navy, and travel expenses for Members of Congress in connection with their inspection of naval activities.

That concludes my formal statement, gentlemen. Representatives of the various offices having responsibility for the major projects included in this budget are here, and we are prepared to go into as much detail on these estimates as the committee desires. Before we proceed, however, I should like to say that for the activities within this appropriation which are sponsored by the Executive Office of the Secretary, the obligated and committed amount for fiscal year 1952 as of December 31, 1951, is $6,682,054. This represents 55 percent of the funds available which total $12,043,000. The balance will be obligated by the end of the fiscal year.

I have a spread sheet here covering these activities that might be of help to you.

Mr. SHEPPARD. Supposing you make a brief analysis of the operations of the Secretary's office aside from the general statement we have. If you will high-light the duties of the office and then relate them to the issues presented in your photostatic breakdown and go on from there.

Mr. DILLON. Very well. We will proceed then.

The Secretary of the Navy is responsible to the Secretary of Defense and the President for the supervision of all naval matters. To that end, he has retained certain immediate responsibilities for himself while delegating others to his civilian executive assistants—Under

Secretary, Assistant Secretary, Assistant Secretary for Air, and administrative assistant to the Secretary—who are assisted by their own small staffs and the offices and boards comprising the Executive Office of the Secretary.

POLICY CONTROL

Policy control of the Naval Establishment is retained by the Secretary, since on him rests the ultimate responsibility for the actions of and the results produced by the Naval Establishment. He has further retained as his immediate responsibility, relations with the principal Government officials and the public. In this latter area he is assisted by the Office of Information which advises him on the public relations aspects of operations and activities and keeps the public informed of the activities of the Navy as an instrument of national security. These responsibilities are of a continuing nature and no significant changes are reflected in the estimates for these functions.

The Under Secretary of the Navy has been delegated responsibility for supervising and coordinating the work of the other civilian executive assistants and for collaborating with the Chief of Naval Operation so that the work of all is properly coordinated and executed and sound administration assured. Included among his responsibilities more specifically are the supervision and coordination of manpower and personnel matters—military and civilian—including the allocation and utilization of personnel and liaison with the Office of the Secretary of Defense in personnel and manpower matters; legislative and legal matters, including courts martial; representation on the Department of Defense Management Committee. He is further charged with immediate supervision of the following offices within EXOS which perform certain of the functions related to his broad responsibilities:

The Assistant Secretary of the Navy has been delegated responsibilities for the procurement, production and disposition of material and facilities; the determination of stock levels and replenishment requirements in collaboration with the Chief of Naval Operations; and the administration of inventory control systems. Assisting him in this area is the Office of Naval Material and the Office of General Counsel.

In addition to that he serves as liaison on the Munitions Board and generally governs and administers that portion of logistics administration and control which determines in collaboration with the Chief of Naval Operations stock levels and replenishment requirements.

He has responsibility for the Material Review Board and the Board of Contract Appeals.

The Assistant Secretary of the Navy for Air serves in a dual capacity for he is also the Comptroller of the Navy and, as such, has supervision of the fiscal affairs of the Naval establishment. He also participates in the Research and Development Board function and is the military liaison representative to the Atomic Energy Commission. He has under his direct supervision the Office of the Comptroller, the Office of Naval Research and various personnel relief boards such as the Naval Medical Survey Review Board and the Naval Examining Board and the Physical Disability Appeal Board.

The administrative assistant to the Secretary has general supervision of administrative matters at the seat of government, as well as responsibility for the coordination and supervision of records, correspondence, printing and publication regulations, and the promotion of the sale of defense bonds. In addition, he has general supervision and coordination of all matters affecting the administrative work of the Executive Office of the Secretary, immediate supervision of the Administrative Office Navy Department and the Office of Savings Bonds.

Mr. Chairman, I have given you broadly the responsibilities of each of these executive assistants who supervise and control activities which go to make up the Executive Office of the Secretary.

Mr. SHEPPARD. Now, with reference to your presentation you have outlined the general duties reflected in this Office both in your general statement and in the comments expressed and also in the verbal comments that you have just made. I think it is rather obvious that the major portion of the functional costs is reflected in your appropriations.

Mr. DILLON. That is right, sir.

PERSONNEL

Mr. SHEPPARD. So with that in mind I address myself to a chart before me that has what appears to be a pretty definite breakdown of personnel obligations within the respective departments you have referred to and I find reflected in column 1 for 1951, a total of 243 officer personnel.

Mr. DILLON. That is correct, sir.

Mr. SHEPPARD. Now, at the end of the year, enlisted personnel for 1951 is 77.

Mr. DILLON. That is correct, sir.

Mr. SHEPPARD. The next column reflects again in the categories of officers set forth in the extreme column on the left, civilian positions in total of 1,298.

Mr. DILLON. That is correct, sir.

Mr. SHEPPARD. The next column for 1951 carries man-years of 1,105.3.

Mr. DILLON. That is correct, sir.

Mr. SHEPPARD. Reflected in dollars is $4,882,157 which reflects the monetary considerations in salaries for the year 1951.

Mr. DILLON. That is correct, sir.

Mr. SHEPPARD. Does that include the military and the civilians or is it exclusive of the military?

Mr. DILLON. Exclusive of the military.

Mr. SHEPPARD. So the finished formula I have referred to is for the salary portion within 1951, making the salaries referred to of $4,882,157.

Mr. DILLON. Correct, sir.

Mr. SHEPPARD. Going to the year of 1952 I again find in that column the reflected officer personnel of 342.

Mr. DILLON. Correct, sir.

Mr. SHEPPARD. And enlisted, 72. Civilian, 1,264; man-year, 1,251.5.

Mr. DILLON. Correct, sir.

Mr. SHEPPARD. Amount for civilian payments which I assume is in the same category as the column referred to applied strictly to civilian pay $6,435,000.

Mr. DILLON. Correct, sir.

Mr. SHEPPARD. In 1953 numbers of personnel and costs I find the following: Military personnel, 342; end of year enlisted, 72; civilian positions, 1,292; man-years, 1,262.7; for a total amount of salaries for pay purposes of $6,326,000.

Mr. DILLON. That is correct, sir.

Mr. SHEPPARD. I wish you would indicate the respective columns to show the increase from 1952 to 1953. There is an increase here and I think it is reflected in——

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. On the record.

There is an increase represented in the Office of Material of some 29 positions. However, in looking at a lower column I find figures of one which makes a net increase of 28. Is that correct, sir?

Mr. DILLON. That is correct.

PERSONNEL REQUIREMENTS

Mr. SHEPPARD. Now, Admiral, if you will explain why you want the additional 28 positions within the Department you are representing I would like to have it.

Admiral NIBECKER. Of these 29 additional positions, 4 are for assignment to our Planning and Coordination Division which will have greater responsibilities in logistics planning, logistic research, and management engineering, and where an expanded audit and review program will provide continuous analysis of the Navy procurement and production programs. Here, too, is performed all the staff work for the Material Review Board, composed of the Chief and Vice Chief of Naval Material and the Assistant Chief of Naval Operations (Material). This Board has the responsibility for assuring that balance is maintained within and between Navy material procurement programs and for keeping procurement levels consistent with actual needs.

Two additional civilians are for assignment to our Administrative Division to complete the staffing under a reorganization plan recommended by the management engineers of the Executive Office of the Secretary of the Navy. Complete staffing of this division will provide a more efficient administration of the internal organization of the Office of Naval Material with resultant economies in materials and funds. Six additional civilians are for assignment to our Procurement Division to handle the increased workload resulting from increased emphasis on spreading procurements to small business and to distressed areas, increase in the volume and cost of contracts requiring approval prior to award, and necessity for establishing uniformity in pricing policies and contract procedures among procuring activities of the Navy and with the Army and Air Force.

Ten additional civilians are for assignment to our Production Division to assist in expediting defense production to insure that planned and phased deliveries do not lag behind schedule during fiscal 1953. While the tempo of military production is expected to reach higher

levels during fiscal 1953, shortages of raw materials, machine tools, skilled manpower, and components are not expected to materially decrease. Resolution of these bottlenecks, insofar as production on Navy contracts is concerned, falls to our Production Division.

Three additional civilians are for assignment to our Field Services Division to handle the increase in workload expected during fiscal 1953. Completion during fiscal 1953 of a vast number of contracts let in fiscal 1951 and 1952 will throw a greatly increased workload on our Field Services Division, which formulates policies and general procedures governing the field administration of Navy contracts and exercises management control over all inspectors of naval material throughout the country. It is estimated that field employment of our inspection service will increase substantially during fiscal 1953 due to the expected increase in monthly plant shipments and value of material inspected. Monthly plant shipments are expected to go from the 1952 figure of 170,000 to a 1953 figure of 200,000, while the value of materials inspected monthly is expected to reach $422,000,000 in fiscal 1953, compared to $357,000,000 in fiscal 1952.

Based on current influx of cases in the Navy panel of the Armed Services Board of Contract Appeals, which considers appeals from Navy contractors, it is necessary that an additional Board member be added to assist in disposing of the anticipated backlog on July 1, 1952, and to keep the Board current on new cases expected in fiscal 1953.

The three remaining positions are required for assignment to our Material Control Division, which has general policy control over the standardization, cataloging, and inventory-control programs and the disposition of scrap and excess material. The increased emphasis now being placed on these programs and which is expected to continue during fiscal 1953 as a result of Navy policy and Munitions Board actions in these fields will develop a workload beyond the ability of the present staff to handle. Such efforts as we have made to date indicate that much success can be expected in this area with only a scant increase in manpower at the Washington level.

I have given you a general picture of our responsibilities, how we go about fulfilling them, and what we must have in the way of civilian help to properly accomplish our mission during the next fiscal year. Nothing I have asked for is extraneous to our needs for fiscal year 1953, since they have their basis in actual workload experience related to specific programs necessary to the accomplishment of specific purposes.

In my shop, the Office of Naval Material, we want 29 increased positions. The figure 28 is the over-all increase for EXOS. Our office has requested—and I have a statement which shows the reasons for and assignments of—each of these 29 positions. But in general the reason for this increase is the increase in tempo of defense build-up. Our boys are the local trouble shooters for matériel that is being procured for the Navy account. When the contractors are having difficulty getting material due to shortage of critical steel, copper, or aluminum, that information is reported to us, and we try to break the bottleneck through NPA. That takes additional staff. At the present time our staff is woefully undermanned. We have the responsibility of clearing other contracts before the work is authorized.

The delay in getting contracts cleared is one of the complaints of private industry.

We clear in our office all contracts with a value in excess of $300,000. Some six of these positions go into that section of the shop. Previously I heard some mention made of Board of Contract Appeals. That is a Board which is set up and composed of representatives from each of the services, but the Navy has to supply its quota. They have a fair-size backlog of cases before them. One of these 29 positions is to go there. I would like to insert a table at this point on our personnel requirements by office.

(The material is as follows:)

Civilian personnel analysis

Division	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953	Increase
Office of the Chief	9	5	5	0
Planning and coordination	34	37	41	4
Administrative	34	39	41	2
Procurement	44	47	53	6
Production	50	57	67	10
Field services	36	35	38	3
Material control	24	24	27	3
Board of Contract Appeals	8	9	10	1
Office of Naval Material	[1] 239	[1] 253	[1] 282	29

[1] End of fiscal year.

Admiral NIBECKER. I could go on and itemize the need for each one of these positions if you would like me to do so. My statement covers every one of them. It might be of interest to you to know that 9 of the 29 positions are in the very low grade of clerical help, GS–3 and GS–4.

Mr. SHEPPARD. How many fall within the highest type?

Admiral NIBECKER. Depending on what you would interpret as high.

Mr. SHEPPARD. I mean the highest graded.

Admiral NIBECKER. GS–12 and above. There are 9 of them, sir.

Mr. SHEPPARD. And the rest will be intermediate.

Admiral NIBECKER. Yes, sir.

Mr. SHEPPARD. In other words, it resolves itself down to one prominent fact. Is your workload increased to the point that the 29 are justified?

Admiral NIBECKER. It most definitely has. But I would like to say here that even though we get this increase authorized by this committee from the standpoint of dollars and cents, unless certain other restrictions are lifted in the area of white collar we will not be able to put these people on because at the present time there is a very definite freeze of 500,000 in the white-collar department.

Mr. SHEPPARD. So these 29 would exceed the present legal limit established?

Admiral NIBECKER. That is correct.

Mr. SHEPPARD. To the extent of the whole 29?

Admiral NIBECKER. Yes, sir. I think right now we are bumping our heads against that limit.

Admiral CLEXTON. I would say for fiscal 1953 the Navy would have to examine this part of that limit and if these jobs show up to be more essential than this would be given the ceiling and others would drop out.

Mr. SHEPPARD. I think that would be part of the arrangement. Adjustments beyond that would have to go to the body in charge of manpower in the Defense Department.

Admiral CLEXTON. That would be corrected between departments, if she found that these were more important.

Mr. SHEPPARD. That is the court of appeal in circumstances of this character?

Admiral CLEXTON. That is correct.

Mr. SHEPPARD. Has there been any discussion between your division and the lady to whom I have referred relative to the positions with respect to the potential?

Admiral NIBECKER. Not by our office. While I know this committee is addressing itself to increases in the EXOS Office, the Office of Naval Material is the headquarters for the Field Inspection Service where we do not have enough inspectors in the private plants. We are woefully undermanned there. We are not trying to get that figure increased by a mere 29, but the increase sought is in the neighborhood of 600 or 700.

Mr. SHEPPARD. While we are addressing ourselves to that Division of Requirements, nevertheless, under the ceiling presentation put on by the acts of Congress the court of appeal is still outside in the same individual I have referred to.

Have you made any reference to that court of appeal?

Admiral NIBECKER. Our office has not, but I know the Secretary has made representations to that office.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. All right gentlemen, we will insert this photostatic copy of the statement in the record.

(Document follows:)

Summary of EXOS departmental administration expenses by major organizational division and object classification

Office or object	1951 numbers of personnel and costs					1952 numbers of personnel and costs					1953 numbers of personnel and costs				
	Military (end of year)		Civilian		Amount	Military (end of year)		Civilian		Amount	Military (end of year)		Civilian		Amount
	Officer	Enlisted	Positions	Man-years		Officer	Enlisted	Positions	Man-years		Officer	Enlisted	Positions	Man-years	
Office of the Secretary	27	26	55	54.6	$290,973	30	18	73	79.6	$528,000	30	18	73	76.9	$488,875
Administrative Office	5	15	533	456.2	1,816,928	4	12	485	480.7	2,147,500	4	12	485	471.8	2,030,615
Special assignments			10	8.9	30,702	14	6	5	5.6	18,300	14	6	5	5.0	17,700
Office of Industrial Relations	11		182	159.2	694,804	10		182	179.3	887,000	10		182	176.0	827,865
Office of Naval Material	101	4	239	196.3	903,191	180	6	253	246.5	1,318,000	180	6	282	277.8	1,477,655
Office of the Comptroller	18	1	170	138.3	757,799	27	1	173	170.9	1,097,000	27	1	173	167.1	1,051,265
Office of the General Counsel			17	16.6	90,265			17	16.1	101,000			17	16.4	101,750
Office of Information	44	20	20	13.9	47,183	36	20	16	15.4	65,000	36	20	15	14.5	58,050
Office of Management Engineer			10	9.7	69,062			10	9.6	81,000			10	9.3	79,700
Board for Correction of Naval Records	1	2	15	12.7	58,163		2	13	12.4	63,400		2	13	12.3	63,550
Board of Decorations and Medals	9	2	1	1.0	3,059	9	2	1	1.0	3,400	9	2	1	1.0	3,500
Board of Review, Discharges, and Dismissals	17	4	15	15.1	46,535	16	3	15	14.4	51,500	16	3	15	14.0	50,000
General Board			5	2.9	10,573										
Naval Examining Board	4		5	4.5	11,713	7		3	3.0	9,100	7		3	3.0	9,300
Medical Survey Review Board			3	3.0	9,439			3	3.0	10,800			3	3.0	11,000
Retiring Review Board			3	2.3	7,406			3	3.0	11,200			3	3.0	11,375
Naval Clemency Board	5	3	6	2.9	8,257	2	2	2	2.0	6,300	2	2	2	2.0	6,500
Physical Disability Appeal Board	1		4	3.6	14,395	6		4	4.0	17,200	6		4	4.0	16,650
Physical Review Council			5	4.2	11,800	1		6	5.6	19,300	1		6	5.6	20,650
01 Personal services	243	77	1,298	1,105.3	4,882,157	342	72	1,264	1,251.5	6,435,000	342	72	1,292	1,262.7	6,326,000
02 Travel					222,708					270,000					325,000
03 Transportation of things					366					1,000					1,000
04 Communication services					329,465					138,000					142,000
05 Rents and utility services					42,054					60,000					64,000
06 Printing and reproduction					279,543					331,000					353,000
07 Other contractual services					539,313					250,000					619,000
08 Supplies and materials					398,623					121,000					123,000
09 Equipment					279,091					47,000					32,000
15 Taxes and assessments					6,856					8,000					8,000
Total obligations					6,980,176					7,661,000					7,993,000
01 Personal services					−34,730										
04 Communication services					−19,422										
06 Printing and reproduction					−16,291										
08 Supplies and materials					−144,589										
09 Equipment					−120,296										
Reimbursable obligations					−335,328										
Total direct obligations					6,644,848					7,661,000					7,993,000

Mr. WIGGLESWORTH. May I ask one question?

You say the 500,000 applies to all three branches of the services now. What is the existing ceiling so far as the Navy is concerned?

Mr. DILLON. Navy white-collar ceiling is 151,000.

Mr. WIGGLESWORTH. For the Navy.

And you are asking something like 161,000 all told according to my notes.

Admiral CLEXTON. 161,000 white collar in that 500,000. There were several exempted and you would have to take these into account this year. The public works bill and others were exempted.

Mr. WIGGLESWORTH. Perhaps we can consider them tomorrow when we take up the tables you have prepared.

Mr. SHEPPARD. Let us pick up the next item of travel.

Mr. DILLON. Mr. Chairman, the amount requested is $325,000. Of this amount $117,700 is for the Administrative office of which there is $100,000 for the payment of travel expenses for civilian recruiting of clerical employees.

Mr. SHEPPARD. Just a moment. Does that have anything to do with the recruiting functions you are proposing to centralize? You are proposing to centralize the clearing of recruits and their physical examinations as against the policy we had before.

Mr. DILLON. No, sir; these are civilian workers. No military are involved. The next large item is the Office of Comptroller which is $78,000 and that is mainly for the internal audit program, for their travel from one installation to another. That is being stepped up in fiscal year 1953.

The next large group, sir, is the Office of Naval Material, $60,300, for the travel of expediting people in connection with production and procurement.

The next item, $20,000, is for the Office of Information. Included in that figure is the support of the local Office of Information. It includes military and civilian travel. There are a number of other smaller offices here. As an example, the Office of Industrial Relations, $23,100; the Office of General Counsel, $2,000; the Office of the Management Engineer, $2,800; $300 for the Board of Correction of Naval Records, and several others which make up the total of $325,000.

Mr. SHEPPARD. Your total increase is $55,000 as I interpret it.

Mr. DILLON. $55,000 increase.

Mr. SHEPPARD. That is due to the additional workload?

Mr. DILLON. Mainly in two offices: The Office of the Comptroller and in the Office of Naval Material.

Mr. SHEPPARD. All right. I wish you would refer to the next item, "Transportation of things."

Mr. DILLON. $1,000 has to do primarily with transportation charges for tabulating equipment.

Mr. SHEPPARD. Purely mechanical devices?

Mr. DILLON. Yes sir.

Mr. SHEPPARD. The next item is "Communication services."

Mr. DILLON. Communication services, $142,000, an increase of $4,000. These are the charges against EXOS for communications, and to support the Department of Defense centralized switchboard. The

$4,000 is an increase in long-distance calls for the Office of the Comptroller and Office of Naval Material.

Mr. SHEPPARD. "Rents and utility services," $64,000.

Mr. DILLON. That, sir, is for tabulating equipment. It also includes one news ticker and one telautograph. The 1952 requirement was $60,000.

Mr. SHEPPARD. "Printing and reproduction," $353,000.

Mr. DILLON. That is a $22,000 increase. It represents the change in requirements involving a number of items.

Mr. SHEPPARD. Give me about four of them, for example.

Mr. DILLON. Very good, sir. Civilian recruiting material, approximately $3,000 increase; management publications; safety publications, published by the Office of Industrial Relations.

Mr. SHEPPARD. Let us pick up our next item.

Mr. DILLON. For contractual services, for the support of EXOS programs it includes $60,000 for films and prints for the Office of Industrial Relations.

Mr. SHEPPARD. Or the difference between $619,000 reflected in 1953 and $250,000 in 1952 is how much?

Mr. DILLON. $369,000, sir.

Mr. SHEPPARD. And how is the $369,000 to be explained?

Mr. DILLON. $127,000 increase for guard service in the Navy Department. That is furnished by Public Buildings Administration which we will reimburse them for. We will increase the guard patrols in our building. An increase of $45,000 in EXOS maintenance and that results from relocating various activities of EXOS.

An increase of $197,000 which we expect to spend for contracts outside the Navy Department to perform work for us on a contract basis. We have a list here. One is to perform certain tabulating service, another for graphic presentation, and another for a test construction contract. That has to do with the Civil Service Commission testing procedure which we are taking over within the next few months. We will actually test our own engineers and grade them on their tests for appointment purposes. That has been done by the Civil Service Commission in the past.

Mr. SHEPPARD. Have they waived the right?

Mr. DILLON. They have submitted a proposal to the Department asking if we are prepared to take it over and we are indicating to them that we will take it over.

Mr. SHEPPARD. Typewriter repair contracts?

Mr. DILLON. Typewriter repair contracts. We think the commercial concerns can do this better and possibly cheaper.

Mr. SHEPPARD. "Supplies and material," $123,000. Your previous estimate was $121,000.

Mr. DILLON. The $2,000 is attributed to the Office of Naval Material. As an example, Mr. Chairman, last year the amount per person for supplies was $61.98. This year it will be $61.15.

Mr. SHEPPARD. That is a rather small item. The next one, "Equipment." Equipment is reflected in——

Mr. DILLON. $32,000 in 1953 which is a decrease of $15,000. It is a decrease because we have the equipment to take care of the Office of Naval Material and for the replacement of furniture. For taxes and assessments we require $8,000 in 1953.

Mr. SHEPPARD. The item just read you had the same figure in 1952. That is merely an arbitrary figure arrived at because of the legal requirements for payments of that character.

Mr. DILLON. That is correct, sir.

PBA GUARDS

Mr. WIGGLESWORTH. I did not understand the item for guard service, $127,000.

Mr. DILLON. Mr. Wigglesworth, in the Navy Department proper we have, supplied by the Public Buildings Administration, a certain number of guards for the entrances and the gates. When we require additional service we are required to reimburse them for it. In the past we have had certain patrols in certain sensitive areas. It has been the thinking in the Department of Defense that we should extend it to hourly patrols throughout the Department.

Mr. WIGGLESWORTH. What have you had before?

Mr. DILLON. Hourly patrols in certain sensitive areas.

Mr. WIGGLESWORTH. How much did you expend on guard service in fiscal 1952?

Mr. DILLON. $90,000, sir.

Mr. WIGGLESWORTH. You want to more than double that?

Mr. DILLON. Yes, sir.

PHYSICAL REVIEW COUNCIL

Mr. WIGGLESWORTH. What is the Physical Review Council?

Mr. DILLON. I will give you a very brief description of that, sir. The Physical Review Council was convened by the Secretary of the Navy to review all cases considered by the physical evaluation boards, to act upon the reports of clinical boards and such other cases that come to it. The Council shall be governed by the provisions of parts 3 and 5 which are the regulations for the administration of title 4 of the Career Compensation Act of 1949.

Mr. WIGGLESWORTH. For the Office of Information in 1953 you indicate a military personnel of 56 and civilian personnel of 15 and a dollar cost for the civilian personnel of $58,050, a reduction of 1 civilian position and about $7,000 in the cost of the office. That is exclusively in the Secretary of the Navy's office.

Mr. DILLON. That is right. It is a division within the Secretary's immediate office.

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

Mr. FERNANDEZ. These patrols you were speaking about are enlisted, uniformed men?

Mr. DILLON. No, sir. Civilian guards which we reimburse to the Public Buildings Administration. They will provide the Navy Department the minimum number of guards to patrol the entrances and anything we require in addition thereto for sensitive areas, which we have had in this fiscal year and which we will expand next year. We will have some of them on a three-shift basis.

Mr. FERNANDEZ. It is not practical to use Navy enlisted men for that purpose?

Mr. DILLON. This is a purely civilian function and is one required by practice.

Mr. FERNANDEZ. I understand that.

Mr. DILLON. By practice for civilian guards. The salary of a guard is $2.25 per hour. A Navy enlisted man of any kind of rating with subsistence and quarters would be slightly in excess of that so from the standpoint of economy it is cheaper to have a civilian guard.

Off the record.

(Discussion off the record.)

FRIDAY, MARCH 28, 1952.

PRINTING SERVICES AND EQUIPMENT

Mr. SHEPPARD. The committee will come to order.

We will take up budget activity No. 8, "Printing services and equipment," the executive offices of the Secretary.

We will insert the tabulation at the top of page 22–117 in the record at this point.

(The page referred to is as follows:)

Printing services and equipment, executive office of the Secretary (EXOS)

No.	Project	1951 actual	1952 estimate	1953 estimate
8–A	Forms for EXOS programs	194,396	106,000	153,000
8–B	Directives system	57,600	71,000	151,000
8–C	Reproduction equipment	199,119	200,000	375,000
	Total direct obligations	451,115	377,000	679,000

UNEXPENDED BALANCE

The unexpended balance of 1952 funds as of December 31, 1951, is $271,393.

Mr. SHEPPARD. Your estimate for 1953 is $679,000, for 1952 it was $377,000. This reflects an increase of $302,000.

Mr. DILLON. Yes.

FORMS OF EXOS PROGRAMS

Mr. SHEPPARD. This activity is made up of three subdivisions. We will take up the first item, forms for EXOS programs.

For the fiscal year 1953 your estimate is $153,000; your estimate for 1952 was $106,000. Explain the increase.

Mr. DILLON. The increase is requested for the forms for EXOS. I have a list which represents 70 percent of the forms which are purchased and which will be purchased in 1953.

These are general Government forms, standard forms, so-called. Perhaps the largest groups of forms that are used are the personnel action forms which are necessary for doing business.

The next largest group is application for Federal employment. That happens to be a standard form 57. It is a standard Government form.

The next large area of purchase of forms is $17,400, for standard form 85, which is a request for a report of loyalty data on applicants and appointees.

Mr. SHEPPARD. You have a breakdown reflected on page 22–118 covering the shopping list of requirements?

Mr. DILLON. Yes; that is 70 percent of them. The rest of them are administrative forms produced and printed internally, sir.

DIRECTIVES SYSTEM

Mr. SHEPPARD. We will take up the next item, "Directive system." Your estimate for 1953 is $151,000; the estimate for 1952 was $71,000. Why the increase?

Dr. DILLON. Mr. Chairman, beginning July 1 we propose to go into a new type of directive system, for the naval service. Until now we have had only what we call the semi-monthly bulletin for the distribution of directives and instructions.

That system has been wasteful, we feel, and this will permit a better system for the distribution of directives to the proper people. We feel that it will result in a better use of manpower, conservation of supplies, and equipment. The reason for the increase in the next fiscal year is that in the process of conversion to this new system we will be required to continue not only our present system of sending out the semi-monthly bulletin, but this new directive system as well.

Mr. SHEPPARD. Does this mean we are going to have added directives as such?

Mr. DILLON. No, sir.

Mr. SHEPPARD. Does it mean a little economy and efficiency that is being interjected into the directive system as a whole?

Mr. DILLON. That is it; exactly. There has never been a complete Navy-wide directive system. This is it, sir.

REPRODUCTION EQUIPMENT

Mr. SHEPPARD. We will take up the next item, "Reproduction equipment." You are requesting in 1953, $375,000; your estimate for 1952 was $200,000. This reflects an increase of $175,000.

Mr. DILLON. This is for printing equipment, $200,000 of which is for the replacement of printing equipment in the Defense Printing Service located here in Washington. The Defense Printing Service is under an industrial fund. Everything else except the equipment is paid for by the industrial fund, sir. The equipment must be justified and appropriated for. The remaining portion of the $175,000 is for equipment in the field for those plants being converted to an industrial-fund operation.

At the present time we have the system installed at Norfolk, Philadelphia, and New Orleans, and we are proposing to extend it to all the printing establishments of the Navy during the fiscal year 1953.

Under the industrial-fund operation, we have to request funds for the replacement of the equipment.

Mr. SHEPPARD. What have you done heretofore?

Mr. DILLON. Paid for it out of the management fund, or from Bureau of Ships appropriations.

The Defense Printing Service here in Washington is the first industrial fund account put into effect as the result of title IV of the amendments to the National Security Act.

DIRECTIVE SYSTEM (CONTINUED)

Mr. WIGGLESWORTH. These are relatively small items, but they all seem to be increasing. I do not understand just what that directive system is that you referred to. You say it is new, but what is it?

Mr. DILLON. I will give you, I think, a concrete example. I have here some descriptive literature of the Navy directive system.

Mr. WIGGLESWORTH. I do not want anything too extensive, but give us an idea of what you are doing now and what the new system is.

Mr. DILLON. Let us take an activity in the Bureau of Naval Personnel in the field of recruiting. There are recruiting instructions that have gone out over the period of years, and some of which have been canceled and some of them have not been canceled. To look at all the recruiting instructions I would say that the instructions would measure somewhere around 10 to 12 inches high. When we finish the installation of this directive system we think that it will take a volume about half an inch thick for recruiting notices and all the directives that are in effect will be brought up to date in this new system.

It will be a very formalized system, so that when a directive goes out of the Navy Department it will either correct or amend any previous instructions, or will supplement previous instructions.

Mr. WIGGLESWORTH. What is the money to be used for?

Mr. DILLON. Much of the money will be used for the publishing of the semimonthly bulletins themselves.

Mr. WIGGLESWORTH. Why do you want double the amount of money that you had?

Mr. DILLON. In 1953, sir, we will be required, in instituting this new system, to publish both systems until they are fully integrated. We cannot do it as of one date. It will take about a year, or possibly 2 years, to fully integrate the new system. But in the years to come it will be a very, very much more economical way of putting out the directives to the naval service.

Mr. WIGGLESWORTH. You mean in 1954 you will need less than $71,000?

Mr. DILLON. I would say that we would need approximately $71,000. In 1955 we may get down to $50,000 to keep the system current.

INCREASE FOR REPRODUCTION EQUIPMENT

Mr. WIGGLESWORTH. Why do you need so much more reproduction equipment?

Mr. DILLON. This is the first year we have justified reproduction equipment for the field, sir. Prior to this time it has been provided from another fund—the Navy management fund.

Mr. WIGGLESWORTH. How much do you have in here for the field?

Mr. DILLON. $175,000.

RECORDS ADMINISTRATION

Mr. SHEPPARD. We will take up budget activity No. 9, "Records administration." In 1953 your estimate is $1,730,000. Your estimate for 1952 is $1,890,000. This reflects a decrease of $160,000.

UNEXPENDED BALANCE

The unexpended balance of 1952 funds as of December 31, 1951, is $1,089,266.

NAVAL RECORDS MANAGEMENT CENTERS

Mr. SHEPPARD. We will take up the first project, "Naval records management centers." In 1953 the estimate is for $1,472,000. In 1952 the estimate was $1,637,000.

Mr. DILLON. That will provide for the records centers at Alexandria; Garden City, N. Y.; Mechanicsburg, Pa.; New Orleans, La.; and San Bruno, Calif.

These are record centers, sir, for the storage of records, both current and noncurrent. These centers provide service for the naval activities in the general vicinity of their location, and at the same time carry on a very active program for the retirement of records which, of course, provides a saving not only in space, but keeps the records in one central location.

For instance, the San Bruno records center on the west coast provides service for Com 11, 12, and 13.

During the last year the workload in all the records centers amounted to 191,000 cubic feet of accessions and 51,000 cubic feet of disposals.

Mr. SHEPPARD. Your breakdown of your workload is reflected on page 22–122?

Mr. DILLON. Yes, sir. In 1953 the workload is estimated to be 180,000 cubic feet of accessions and 75,000 cubic feet of disposals.

Mr. SHEPPARD. Have you looked into the possibility of microfilming in this activity?

Mr. DILLON. We do a great deal of microfilming right now, sir. The commanding officer of the activity that submits the records to the centers, determines whether they shall be microfilmed or not. If it is something that has to be kept for a long period of time, they will be microfilmed. If it is something that can be kept for 5 years and disposed of, or destroyed, it is cheaper not to microfilm.

DISTRICT RECORDS MANAGEMENT OFFICES

Mr. SHEPPARD. We will take up the next project, "District records management offices." The estimate for 1953 is $258,000. The estimate for 1952 was $253,000.

Mr. DILLON. That is correct. There is a slight increase, sir, in supplies and materials, communications, and rents and utilities.

These, by the way, are people who are placed in the various district offices to assist in the paper-work study, and getting the records in the records centers to the record centers.

WORKLOAD STUDIES

Mr. SHEPPARD. I notice reflected on page 22–126 of your justifications under project 9–B, you reflect the man-years made available for other important duties, 205. What is the explanation of the language there? What do you mean, "made available"? Do you mean that you are dividing the function of an individual or a series of individuals?

Mr. DILLON. In the improvement of paper work and the handling of paper-work procedures. The studies that these people have made in the districts have provided 205 additional man-years for other duties.

Mr. SHEPPARD. I notice the next item, 214,085 square feet of space released to meet expanding needs of naval activities.

Mr. DILLON. Yes, sir. These people have gone into the activities and moved the nonactive records into the record centers to make more expansive office space available for necessary activities in this expansion of the Navy.

Mr. SHEPPARD. Would that reflect a consolidation of functions?

Mr. DILLON. That would reflect, sir, the moving of the inactive and noncurrent files; getting them into the records center and permitting the records center to service those files, freeing office space.

Mr. WIGGLESWORTH. These are also relatively small items, but why do you come up here and ask this committee for $5,000 more than you had last year? I would think on a little item like that you would write it off and absorb it regardless of some mathematical way of computing the estimate.

Mr. DILLON. It is an accurate presentation of the need for that function.

Mr. WIGGLESWORTH. We are all trying to save money. To my mind it is not only in this activity, but it is so often that we come across that type of thing in connection with these hearings, and it just does not indicate to me that people are trying to pull their belts in and get along with a minimum of dollars.

As a symptom it is not encouraging.

AREA WAGE AND CLASSIFICATION OFFICES

Mr. SHEPPARD. We will take up budget activity No. 10, "Area Wage and classification offices." Your estimate for 1953 is $1,030,000. Your estimate for 1952 was $998,000. This shows an increase of $32,000. Why the increase requested in this category?

Mr. DILLON. The $32,000 is mainly for in-grade promotions in the area wage and classification offices. It will operate in 1953 at the same level as it did in 1952.

Mr. SHEPPARD. We will insert page 22-129 in the record at this point.

(The page referred to is as follows:)

UNEXPENDED BALANCE

The unexpended balance of 1952 funds as of December 31, 1951, is $532,866.

1 chief for each AWCO	11
1 associate chief for each AWCO	11
1 wage specialist for each AWCO	11
1 position classifier for each 1,352 group IVb employees	105
1 secretary for each AWCO	11
1 clerk for each 3 technicians (exclusive of the chiefs)	42
Total	191

The following tabulation indicates the relationship between the staffing of the AWCO's and the number of civilians employed in the Naval Establishment:

	Total employment in AWCO's	Total employment in field service, Navy	Ratio of AWCO employees to total field employment	Total number of position classifiers	Total IVb employment in field service	Ratio of position classifiers to total IVb employment
July 1, 1950	125	276,755	1 to 2,214	54	86,217	1 to 1,597
July 1, 1951	195	430,906	1 to 2,210	107	125,510	1 to 1,173
July 1, 1952	191	482,000	1 to 2,524	105	142,000	1 to 1,352

Mr. SHEPPARD. How many new positions are involved, if any?
Mr. DILLON. None, sir.

EFFECT PAY INCREASE COSTS

Mr. WIGGLESWORTH. What is the increase? If there is no increase in positions, what explains the increase? You had $733,000 2 years ago, and you ran it up to $998,000 this year, and now you want to go up to $1,030,000.

Mr. DILLON. Salary increases, Mr. Wigglesworth.

Mr. WIGGLESWORTH. You mean this is all mandatory pay increase?

Mr. DILLON. Yes; the same level of employment in 1953, sir.

Mr. WIGGLESWORTH. Can you not get along with less?

Mr. DILLON. We can if we reduce our personnel, sir.

May I point out the workload factors that are applied to this group, and they appear on page 22–129.

For instance, these people are servicing 1 to 1,352 IV–b personnel in 1953.

Mr. WIGGLESWORTH. You have a column headed "Ratio of position classifiers to total IVb employment." What does that mean?

Mr. DILLON. That is the ratio of position classifiers to the total white-collar workers of the Naval Establishment, the people that these field classifiers serve.

Mr. WIGGLESWORTH. What do you mean by "servicing"?

Mr. DILLON. Keeping their position description current.

Mr. WIGGLESWORTH. That is 1 worker for 1,352?

Mr. DILLON. IVb positions; yes, sir.

Mr. WIGGLESWORTH. Yet he is going to keep current?

Mr. DILLON. That is correct.

Mr. WIGGLESWORTH. That means that you have about four people to attend to a day?

Mr. DILLON. Four actions or more per day; yes.

Mr. WIGGLESWORTH. This might be a place where you might well effect a reduction in personnel, particularly in view of the fact that it seems to be needed so much more elsewhere.

I have no further questions.

PUBLIC INFORMATION

Mr. SHEPPARD. We will take up budget activity No. 11, "Public information." Your request for 1953 is $552,000. In 1952 it was $492,000.

UNEXPENDED BALANCE

The unexpended balance of 1952 funds as of December 31, 1951, is $448,142.

FLEET HOMETOWN NEWS CENTER

Mr. SHEPPARD. We will take up the first project, "Fleet Hometown News Center." Your estimate for 1953 is $137,000 and for 1952 it was the same. Why do the figures come out even this year?

Mr. DILLON. I think it just so happened that they came out even because in 1953 there is approximately the same number of positions that will be used in the Fleet Hometown News Center as in 1952.

There will be 19 man-years in 1953, which will cost $57,171. For travel, $1,500. Communication services, $1,000. Rents and utilities, $12,000. Printing and reproduction, $4,000. Other contractual services, $40,479. Fifteen thousand dollars for supplies and materials and five thousand five hundred dollars for equipment, and three hundred fifty dollars for taxes.

The Fleet Hometown News Center is located in the Chicago area. This is a very good operation, by the way. We have some examples of what their work consists of, if you care to see them.

MOTION-PICTURE FILMS

Mr. SHEPPARD. Your next item is "Motion-picture films." You are asking for $40,000 in 1953. You had $55,000 in 1952. This shows a $15,000 reduction.

Mr. DILLON. That is correct.

Mr. SHEPPARD. What do you do with the motion-picture films?

Mr. DILLON. These are training films, sir. In 1952 it is planned that we will produce one film of 9 minutes' duration, entitled "Hospital Ship." Another one, "Ready for Sea," which will be of 15 minutes' duration. Another one, "Memorial Day," 18 minutes' duration. Another one, "Command of the Sea," which will be 58 minutes. It will be divided into four 14-minute films.

Mr. SHEPPARD. You say these are training films?

Mr. DILLON. These will be used as training films and public relations films.

Mr. SHEPPARD. What type of training would be the result of the pictures?

Mr. DILLON. We use them in training stations for indoctrination purposes. We give them a better understanding of some of these functions.

Mr. SHEPPARD. Are these films made within the agency or contracted out?

Mr. DILLON. Generally at the Naval Photographic Center.

Mr. SHEPPARD. Is all the personnel connected with the Navy, or do you employ outside talent?

Mr. DILLON. Normally it is confined to the Navy, sir.

Mr. SHEPPARD. Who is the director that handles that type of production? If you are making pictures, obviously you have to have someone to conduct the operation.

Captain PARKS. We have personnel at the Naval Photographic Center who are capable and efficient in directing and producing this type of picture.

Mr. DILLON. I think that I know what you are driving at. We have a man in the Office of Public Relations, Lt. Comdr. Allen Brown, who handles the details of these productions.

Captain PARKS. He has a background as a producer. He is in the Naval Reserve and is a very able officer.

OFFICE OF INFORMATION, DEPARTMENT OF DEFENSE

Mr. SHEPPARD. We will take up the next item, "Office of Information, Department of Defense."

Your 1953 estimate is $375,000. For 1952 the estimate was $300,000. I want a pretty thorough explanation of this.

Mr. DILLON. That happens to be a request from the Office of the Secretary of Defense, which reflects their needs in 1953, and our portion of the support of the Office of Public Information within the Office of the Secretary of Defense.

Mr. SHEPPARD. In other words, you have the pleasure of contributing to the fund but you have no jurisdiction over its expenditure as such?

Mr. DILLON. That is our contribution, sir.

Mr. WIGGLESWORTH. Tell us some more about this Office of Information. You got along with $220,000 in 1951. You ran it up to $492,000 in 1952, and you want $552,000 for 1953, and you tell us that is only your portion of the set-up. I was under the impression that we covered that set-up yesterday, but I presume that was only the Washington portion of it.

Mr. DILLON. You covered the office that administers public relations in the Navy Department, which is a part of the immediate office of the Secretary of the Navy.

To go back to this figure of the Fleet Hometown News Center, the motion-picture film, and the Office of Information, Department of Defense, which brings us to the total of $552,000, may I point out there is one item there of an increase of $75,000, which is the support of the Navy for the Office of Public Information in the Department of Defense.

Mr. WIGGLESWORTH. You have an item, 11–C, entitled, "Office of Information, Department of Defense."

Mr. DILLON. That is right, sir.

Mr. WIGGLESWORTH. That rises from $220,000, 2 years ago, to $300,000 in the current fiscal year, and to $375,000 in this request for 1953.

Mr. DILLON. That is correct, sir.

Mr. WIGGLESWORTH. That is only the Navy's portion of this Office, as I understand it?

Mr. DILLON. That is the Navy's contribution to that Office.

Mr. WIGGLESWORTH. What is the over-all cost to that Office?

Mr. DILLON. I do not have those figures available.

Mr. WIGGLESWORTH. It must be at least three times that.

Admiral CLEXTON. It is at least three times that. This is our contribution. I assume that the other two services are getting the same amount.

Mr. DILLON. That is our understanding; that is correct.

Mr. WIGGLESWORTH. How many people do you have here in this set-up, the Office of Information?

Mr. DILLON. In the Office of the Secretary of Defense?

Mr. WIGGLESWORTH. Item 11–C.

Mr. DILLON. That is the Office of the Secretary of Defense, sir.

Mr. WIGGLESWORTH. It says, "Office of Information, Department of Defense."

Mr. DILLON. That is right, sir.

Mr. WIGGLESWORTH. How many people do you have in it?

Mr. DILLON. We do not administer the Office of the Secretary of Defense, sir. This is simply a money figure for transfer.

Mr. WIGGLESWORTH. You do not know what the money represents?

Mr. DILLON. We do not know how they spend it.

Mr. WIGGLESWORTH. You do not know how many personnel are in there, or anything. You are just handing us a request from the Secretary of Defense?

Mr. DILLON. We are requested to support that Office.

Mr. WIGGLESWORTH. How can you support it if you do not know what it represents? It is impossible, sitting across the table here, if the witness has not the necessary information; how in the world can this committee pass any sort of judgment on it?

Mr. DILLON. I think the Secretary of Defense can answer your question and justify the support of all three services to the administration of his Office.

Mr. SHEPPARD. I would like to say to my colleague at this point I do not think these gentlemen are responsible. I can get your point, and I think it is a proper one to address to the Secretary of Defense, but they are in a mandatory position here. When the Secretary of Defense tells them that he wants so much money allocated for a certain reason, they cannot do anything about it. I do not suppose they could supply you with the data that would justify the request.

Mr. WIGGLESWORTH. That may be true, but if they are instructed to come up here and justify the item they ought to have the necessary information to do it with.

Mr. SHEPPARD. The Secretary of Defense should supply them with the information; you are quite correct about that.

Admiral CLEXTON. I believe that the Secretary of Defense should justify the Office as a whole, using our contribution plus the Army contribution plus the Air Force contribution and his own contribution to that Office.

Mr. SHEPPARD. I think that your point is well taken, but it also indicates another possibility—as long as the responsibility is there in its total function insofar as the administrative aspect of it is concerned, it might be well if the whole thing were placed in the Secretary of Defense and they be made responsible for justifying it instead of sending up the respective divisions—the Army, the Navy, and the Air Force—and placing them in the embarrassing position of justifying something that someone else is spending. It might look well in his account, anyway.

I would like to suggest that you advise the Office of the Secretary of Defense that in all funds in which they issue instruction to other branches of the service—and in this instance I will confine it to the Navy, because that is the limit of my jurisdiction—if they expect to have that service come up and make their presentation, they, themselves, shall supply the justifications.

Mr. Wigglesworth's position is quite tenable. These witnesses on this side of the table are placed in an embarrassing position in coming up here and trying to justify these operations when they have no basis upon which to make a presentation.

Admiral CLEXTON. It would only make good sense if you had the consolidated operation, anyway. We cannot tell what our $375,0000 is for.

Mr. WIGGLESWORTH. Can there be supplied for the record a statement showing the number of personnel, the dollars involved and the over-all operations?

Mr. SHEPPARD. Under the Office of the Secretary of Defense?

Mr. WIGGLESWORTH. Yes.

Admiral CLEXTON. I will request the Secretary of Defense's liaison officer to provide that for the record.

The following represents the budgeted staffing requirements of the Office of Public Information, Secretary of Defense:

	1951	1952	1953
Permanent civilian positions	156	171	175
Full-time equivalent of all other positions		2	4
Military:			
Officer	85	84	91
Enlisted	12	16	18
Total	253	273	288

Expenditures for the Office of Public Information, Secretary of Defense, under the Navy management fund, by object classification, are estimated as follows:

	1951	1952	1953
Personal services	$635,344	$767,800	$892,800
Travel	39,623	45,000	60,000
Transportation of things	904	1,000	1,500
Communication services	34,708	40,000	45,000
Rents and utilities	180	200	800
Printing and reproduction	36,583	45,000	65,000
Other contractual services	39,041	40,000	65,000
Supplies and materials	43,737	44,500	68,000
Equipment	7,290	15,000	48,000
Taxes and assessments	769	1,500	3,000
Total	838,179	1,000,000	1,250,000

OVER-ALL OPERATIONS

The Office of Public Information is responsible for the development of public information policies for the Department of Defense and for their implementation by all agencies of the Department. In addition, it is the sole agency of the Department of Defense at the seat of Government for dissemination of information to public media such as newspapers, magazines, radio, television, etc., for maintaining public relations with national civic organizations, veterans organizations and other civilian public bodies, and for other related activities such as special events, public appearances, public information, security control and accreditation of correspondents.

CONTINGENCIES OF THE NAVY

Mr. SHEPPARD. We will take up budget activity No. 12, "Contingencies of the Navy." Your 1953 estimate is for $42,132,000. In 1952 you had $42,127,000. This shows an increase of $5,000. We will insert the table on page 22–135 in the record.

No.	Project	1951 actual	1952 estimate	1953 estimate
12A	Congressional travel	$2,666	$10,000	$10,000
12B	Official representation	188,402	205,000	233,000
12C	Extraordinary military expenses	38,489,912	41,912,000	41,889,000
	Total direct obligations	38,680,980	42,127,000	42,132,000

UNEXPENDED BALANCE

The unexpended balance of 1952 funds for budget activity No. 12 as of December 31, 1951, is $6,224,095.

CONGRESSIONAL TRAVEL

Mr. SHEPPARD. This item is broken up into three activities, congressional travel, official representation, and extraordinary military expenses.

The first one is self-explanatory. You estimate for 1953 is $10,000 for congressional travel. The same figure was set up for 1952. What is the unexpended balance of the $10,000 that you had in 1952?

Mr. DILLON. $7,000, approximately.

Mr. SHEPPARD. What happens to the $7,000 unexpended in 1952's budget at the expiration of the fiscal year?

Mr. DILLON. It will revert to the Treasury. That is a program that we have set up for congressional travel.

Mr. SHEPPARD. The Congress itself has apparently really tightened its belt, as my colleague mentioned a few moments ago.

Mr. DILLON. Yes, sir.

OFFICIAL REPRESENTATION

Mr. SHEPPARD. We will take up the next item, official representation. In 1953 you ask for $233,000. In 1952 you had $205,000.

Mr. DILLON. That is an estimate, sir, for the support of fleet commands and heads of shore activities. We have set up as a separate allotment $183,000 under a sub-program for the Chief of Naval Operations. During the course of the year, and quarterly, he allots these funds to the various commands in the field.

May I read just three or four representative allotments which have been made in the fiscal year 1952 and which we propose to make in the fiscal year 1953?

The commander in chief of the Atlantic Fleet: In 1952 he had allotted to him $22,000; in 1953, he will have $24,000.

Commander in chief of the Pacific Fleet: He had $28,000 in 1952 and $30,000 in 1953.

Commander in chief, United States Naval Forces, eastern Atlantic and Mediterranean: He had $21,000 allotted to him in 1952 and we propose to allot $24,000 to him in 1953.

I mention this simply as being representative, and they are allotted to them on a quarterly basis for the entertainment of foreign dignataries and for necessary expenses which are imposed upon them, and there is no other appropriation to cover this.

Mr. SHEPPARD. As far as our Nation is concerned, representation in this category is absolutely essential.

Mr. DILLON. Yes, sir.

EXTRAORDINARY MILITARY EXPENSES

Mr. SHEPPARD. The next item is extraordinary military expenses. In 1953 your estimate is $41,889,000. In 1952 you had $41,912,000. How do you wish to treat this item?

Mr. DILLON. I think that the room had better be cleared.

(Discussion off the record.)

Mr. SHEPPARD. We thank you for your appearance and the information that you have given the committee.

OPERATION AND CONVERSION OF PETROLEUM RESERVES

WITNESSES

CAPT. ROBERT H. MEADE, CIVIL ENGINEERING CORPS, UNITED STATES NAVY, DIRECTOR, NAVAL PETROLEUM RESERVES, DENVER, COLO.

LT. COMDR. JACK C. BOMKE, SUPPLY CORPS, UNITED STATES NAVAL RESERVE, FISCAL OFFICER, NAVAL PETROLEUM RESERVES

DR. JOHN C. REED, OFFICE DIRECTOR, UNITED STATES GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR

REAR ADM. EDWARD W. CLEXTON, UNITED STATES NAVY, ASSISTANT COMPTROLLER, DIRECTOR OF BUDGET AND REPORTS

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate	$4,000,000	$11,908,000	$13,250,000
Unobligated balance, estimates savings (available for administrative reappropriation in subsequent year)	−8,039		
Obligations incurred	3,991,961	11,908,000	13,250,000
Comparative transfer from "Service-wide operations, Navy"	72,000	40,000	
Total obligations	4,043,961	11,948,000	13,250,000

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
1. Field administration	$145,961	$155,000	$157,000
2. Naval Petroleum Reserve No. 1	3,898,000	11,393,000	12,693,000
3. Naval Petroleum Reserve No. 3		300,000	400,000
4. Naval oil shale reserves			
Total obligations	4,043,961	11,948,000	13,250,000

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Total number of permanent positions	19	19	17
Average number of all employees	16	17	17
Average salaries and grades:			
General schedule grades:			
Average salary	$4,191	$4,749	$4,717
Average grade	GS-6.2	GS-6.6	GS-6.3
Crafts, protective, and custodial grades:			
Average salary	$3,380	$3,116	$3,116
Average grade	CPC-6.0	CPC-4.5	CPC-4.5
01 Personal services:			
Permanent positions	$68,034	$79,494	$76,992
Regular pay in excess of 52-week base		306	311
Total personal services	68,034	79,800	77,303
02 Travel	9,383	10,000	10,000
04 Communication services	1,500	2,000	2,000
06 Printing and reproduction	591	500	500
07 Other contractual services	3,923,357	11,813,000	13,116,870
Services performed by other agencies	29,861	32,000	34,000
08 Supplies and materials	3,235	6,000	7,000
09 Equipment	8,000	4,700	2,327
Total obligations	4,043,961	11,948,000	13,250,000

Mr. SHEPPARD. The next item is "Operation and conservation of naval petroleum reserves."

Mr. SHEPPARD. Do you have a general statement that you would like to insert in the record, Captain Meade?

Captain MEADE. Yes, sir.

(The material referred to is as follows:)

GENERAL STATEMENT OF CAPT. ROBERT H. MEADE, CEC, UNITED STATES NAVY, DIRECTOR, NAVAL PETROLEUM RESERVES

The Office of Naval Petroleum Reserves was established in 1927 as a part of the Office of the Secretary of the Navy. A directive issued by the Secretary dated June 6, 1944, redefined this Office, as "Office of the Director, Naval Petroleum and Oil Shale Reserves" with duties as follows: To take custody and charge of the reserves on behalf of the Secretary; to formulate plans and programs for the exploration, prospecting, conservation, protection, development, use, and operation of such reserves and for the production of oil therefrom; to make recommendations to the Secretary with respect thereto; to execute such plans and programs as are duly approved; and to consult with the bureaus and other offices of the Navy Department and other Governmental departments and agencies to the extent necessary for the administration and control of such reserves and to obtain production therefrom.

The current projects in furtherance of these aims for which funds are being requested for the fiscal year 1953 are:

(1) The acceleration of the development program in Naval Petroleum Reserve No. 1 (Elk Hills), California, a comprehensive undertaking aimed at the complete development of the potential productive capacity of the reserve.

(2) The operation of Naval Petroleum Reserve No. 1 which includes costs of producing Navy's share of test production and maintenance of the field in a state of readiness to produce.

(3) The continuation of the exploration program in Naval Petroleum Reserve No. 4 (Alaska) until a reasonably complete evaluation of the oil producing potentialities of this reserve can be made.

(4) The drilling of two exploratory wells to explore the deeper horizons in Naval Petroleum Reserve No. 3 (Teapot Dome). One exploratory well is being drilled on the reserve now.

(5) Administration of the reserves, including field office expenses, employment of expert consultants, and transfer to the United States Geological Survey for its work in connection with the naval petroleum reserves.

At the request of the Armed Services Committee, a program for complete development of Naval Petroleum Reserve No. 1 (Elk Hills), California, was begun

in fiscal year 1949. By the end of fiscal year 1952, approximately 240 additional wells will have been drilled and equipped with necessary surface facilities. An additional 120 wells are planned during fiscal year 1953 which will bring the reserve's potential production to a figure in excess of 100,000 barrels per day over a 5-year period.

The fifteenth meeting of the operating committee, appointed to advise the Secretary of the Navy on the conduct of the exploration of Naval Petroleum Reserve No. 4 in Alaska, was held in the Office of the Director, Naval Petroleum Reserves, from November 5 to 8, 1951. In brief, the committee:

(1) Confirmed the existence of an oil field at Umiat. Estimated recoverable oil 30,000,000 to 100,000,000 barrels.

(2) Confirmed the widespread existence of natural gas within the reserve. The best discovery in this regard has been confirmed recently at Gubik.

(3) Confirmed the existence of many untested prospects.

(4) Recommended the continuation of the exploration until a reasonable evaluation of the area can be made.

The discoveries to date are not in sufficient amounts to be commercial. It is a source of satisfaction, however, that actual physical assets have been discovered and returned for the funds and efforts expended. Whether the continued expenditure of funds and effort will continue to product additional discoveries sufficient to make the entire operation commercial cannot, at this time, be forecast; but the Department of the Navy is recommending that the work be continued until this important question can be given a reasonable answer.

The Navy is presently drilling an exploratory well to explore the deeper horizons in Naval Petroleum Reserve No. 3 (Teapot Dome). Some of these horizons have been found productive in land adjacent to the reserve. Two additional exploratory wells are contemplated during fiscal year 1953. The results from these exploratory wells will be used in determining the future status of this reserve.

From fiscal year 1916 through fiscal year 1951, the total income from all sources from the naval petroleum reserves was approximately $92,000,000. During the same period, expenditures have amounted to approximately $75,000,000. It may therefore be pointed out that after exploring and developing Naval Petroleum Reserve No. 1 to its present potential and having proven reserves of approximately 700,000,000 barrels of oil in this field, and having carried out the Alaskan exploration program and administration of the other reserves, the total income figure exceeds all capital and noncapital expenditures made to date by approximately $17,000,000.

Should Naval Petroleum Reserve No. 1 (Elk Hills) be put on full production, pursuant to a joint resolution of Congress, at 100,000 barrels per day (50,000 from the shallow zone and 50,000 from the Stevens zone), the Government's share thereon would aggregate 44,486 barrels daily from the shallow zone, having a present value of $2.13 per barrel, and 39,654 barrels daily from the Stevens zone, having a present value of $2.70 per barrel; the total daily income from this production would then aggregate $94,755 from the shallow zone and $107,066 from the Stevens zone or in all $201,821. This sum would total $73,664,660 for oil alone which, with additional income from the sale of gasoline and other hydrocarbons, would bring the total revenue to a sum in excess of $75,000,000 annually.

SUPPLEMENT TO THE GENERAL STATEMENT

The obligated and committed amount under the appropriation "Operation and conservation of naval petroleum reserves" as of December 31, 1951, is $11,815,000. This represents 99 percent of the funds appropriated for this appropriation for the fiscal year 1952. The balance will be obligated by the end of the fiscal year.

The obligated and committed amount under the appropriation "Naval Petroleum Reserve No. 4, Alaska," as of December 31, 1951, is $2,590,116. This represents 81 percent of prior balances available for this appropriation for the fiscal year 1952. The balance will be obligated by the end of the fiscal year.

I would like to introduce a statement at this time by the United States Geological Survey for insertion in the record.

Mr. SHEPPARD. It will be inserted in the record at this point.

(The statement referred to is as follows:)

TESTIMONY OF THE DIRECTOR, GEOLOGICAL SURVEY, WITH RESPECT TO THE EXPLORATION OF NAVAL PETROLEUM RESERVE NO. 4

Naval Petroleum Reserve No. 4, which was established by Executive order in February 1923, is in northern Alaska, in a treeless area cut off from the rest of Alaska by an east-west mountain chain, the Brooks Range. NPR–4 is an irregular-shaped area of approximately 37,000 square miles, bounded on the east and southeast by the Colville River, on the southwest by the Brooks Range divide, and on the west and north by the Arctic Ocean.

In 1923 the United States Navy decided that the first step necessary to a proper administration of this reserve was adequate geographic and geologic knowledge. The Geological Survey of the Department of Interior was asked to examine and report on the area. This was done in the years 1923 through 1926 and the results were published in 1930 as Geological Survey Bulletin 815. One of the significant conclusions at that time in regard to oil accumulation was that "structural features favorable for retaining petroleum were widespread" in Cretaceous rocks, but source beds of oil were less apparent. An oil shale thought to be of early Cretaceous age was described as a probably widespread formation that may "have supplied extensive pools in widely distributed favorable structural features in overlying rocks, many of which should be found at depths within reach of the drill."

In 1944 the United States Navy began an exploration program in an attempt to further evaluate the petroleum possibilities of NPR–4; in 1945 the Geological Survey was asked to participate in the geologic aspects of this program. Such geologic work, supported by public funds, is the responsibility of the Geological Survey. The cost of the geologic field and laboratory work is comparatively lower than other methods of exploration, owing to the lower cost of necessary logistic support and equipment. Thus the cost of our participation in the program has been from 3 to 5 percent of the over-all cost. Since 1945 the Survey has carried on an extensive geologic field program in northern Alaska; has maintained a core analysis laboratory in Fairbanks, Alaska, that is devoted exclusively to this program; has provided specialists, such as paleontologists and petrographers, to work on problems requiring highly specialized training; has compiled base maps that are used in nearly all phases of the exploration program, and in general has made available the services of the Geological Survey. I have served continuously as a member of a committee designated by the Secretary of the Navy to advise him on the exploration program in NPR–4.

New methods and techniques, which have been developed to a large extent by the Geological Survey, have been used to speed up the work; for example, the use of the airborne magnetometer, the use of trimetrogon photographs in map compilation, and the interpretation of surface geologic features from aerial photographs. As a result, northern Alaska is now better known geologically than any other large area in Alaska, and maps adequate for present purposes have been provided for all of northern Alaska, much of which previously was unmapped and almost unknown.

Concurrent with the geologic investigations, the United States Navy contracted for geophysical investigations in extensive areas where there are few or no exposures of bedrock and where the structure and to some extent the composition of the earth could be determined most effectively and inexpensively by this method. As a result of the geophysical work, interpretations of the subsurface structure of more than half of NPR–4 have now been made.

In most commercial oil exploration programs in remote areas such as northern Alaska, the geological and geophysical investigations are largely completed before locations for drilling are decided upon. It seemed advisable, however, because of wartime urgency, to begin exploratory drilling of NPR–4 at the start of the program. The geologic information provided by earlier work and the presence of oil seeps on a conspicuous structure were the basis for the location of the first test on the Umiat anticline. This first test was not encouraging, but subsequent tests drilled on the basis of more detailed information have proved the presence of an oil field with estimated reserves of a high gravity, light crude oil of somewhere between 30 and 100 million barrels. The Umiat oil field is located in the southeastern part of the reserve, 75 miles south of the Arctic Ocean and 300 miles north of the city of Fairbanks and the northern terminus of the Alaska Railroad. Oil seeps near Cape Simpson on the Arctic Ocean were drilled early in the program. First results were not encouraging, but

subsurface shows of oil and peculiar subsurface structural conditions led to the eventual drilling of 31 core tests, ranging in depth from a few hundred to about 1,500 feet, and 2 deeper tests. Flowing production was obtained from two of the shallow core holes; and oil reserves of less than 20 million barrels have been proved at Simpson. However, unlike the Umiat oil, the crude oil is of a poor grade and would require special processing to permit its movement by pipeline in cold weather. In addition to the discovery of oil at Umiat and Cape Simpson, oil and gas shows have been found in other areas.

Large flows of gas in several of the drilled structures indicate that gas fields of considerable extent are present in northern Alaska. Gas from a nearby well is now being used at Point Barrow as heating fuel. Estimated possible production of gas from five of the test wells is many times that now being utilized at Point Barrow.

To date 31 test wells have been drilled and 1 is now drilling. Ten of these were drilled to delimit the extent of the Umiat field. Two are in and two near the Barrow gas field. In addition, 41 core holes have been drilled for stratigraphic information. Core testing for stratigraphic information is an established and commonly used technique in commercial oil-exploration programs. Only 10 tests have penetrated to a depth of over 5,000 feet ,and only 2 tests have been drilled to a depth of over 10,000 feet. The record of discoveries in northern Alaska to date can be considered encouraging in comparison with records elsewhere.

The orginal objective of this program has not been attained, and the petroleum possibilities of NPR–4 have not yet been adequately evaluated. However, as a result of the geological and geophysical field investigations and exploratory drilling, it is now possible to make some specific conclusions regarding the petroleum possibilities of northern Alaska.

1. Structures suitable for large accumulations of oil are abundant in NPR–4 and in the adjoining areas. Several of these structures have been drilled, resulting in the discovery of two oil fields and three gas fields.

2. Possible source beds of petroleum in the form of organic shales, limestones, and other rocks are widespread.

3. Potential reservoir beds are not widespread. The most discouraging phase of the results is the lack, with some notable exceptions, of good porosity and permeability of the sands.

4. The regional structure and geologic history of northern Alaska is remarkably comparable to that of the western interior of Canada and the United States where major discoveries of oil have been made. Thus northern Alaska can be considered, by analogy, as favorable geologically for oil accumulation.

In order to completely evaluate the possibilities for major oil and gas discoveries on the Arctic slope of Alaska, a major exploration program should include (1) drilling along trends suggested by discoveries already made and (2) after the completion of adequate geophysical and geological studies, drilling in the southern foothills section in order to test the Lisburne limestone, a geologic formation that has not yet been tested by the drill. If this is done, the Survey believes it will be possible in 4 or 5 years to report either that major accumulations of oil and gas are present on the Arctic slope of Alaska, or else that they are probably not present, or will be so difficult to find that no further expenditure of Government money is warranted.

Mr. SHEPPARD. Insofar as policy is concerned within your jurisdiction, what has happened since you were before the committee that is new in a policy way?

Captain MEADE. With reference to Naval Petroleum Reserve No. 1, Mr. Chairman, at Elk Hills, we have constructed improvements authorized by the Congress in the last appropriation bill. We have conducted a test which has resulted in the discovery of new productive sand in what is called the Carneros sands. It is an interesting and significant discovery which results in an increase in the assets at that reserve of considerable importance.

EFFECT OF POLICY CHANGE ON OPERATIONS

Mr. SHEPPARD. That was a part of your projected functions in your last budget?

Captain MEADE. Yes.

Mr. SHEPPARD. My question is directed at this: What form of a policy level has been interjected into your operations that is new compared with the policy operations that you made in your presentation in your last budget?

Captain MEADE. The National Security Council has considered the national situation as to the petroleum supply, and they have directed the Navy to increase the state of readiness of the field at Elk Hills in California. Those directives from the National Security Council have been incorporated in the budget which is before the committee.

The principal effect of those directives from the National Security Council is that we are asking for funds to provide for the acceleration of the development program in Naval Petroleum Reserve No. 1.

Mr. SHEPPARD. Insofar as the policy operations are concerned, the interjection you have referred to is about the only thing that changes functions by direction?

Captain MEADE. Yes. Substantially, we are following the same well-established policy that has been worked out in consultation with Congress through many years.

FIELD ADMINISTRATION

Mr. SHEPPARD. We will take up budget activity No. 1, "Field administration." In 1953 the estimate is for $157,000. In 1952 the estimate was for $155,000. This reflects a decrease of $2,000.

We will insert the tabulation on page 23–5 in the record at this point.

(The tabulation referred to is as follows:)

No.	Project	1951 actual	1952 estimate	1953 estimate
1A	Office of the Director	$52,000	$54,000	$58,000
1B	Inspection	48,343	49,000	45,000
1C	Employment of expert consultants	15,757	20,000	20,000
1D	Advance to U. S. Geological Survey	29,861	32,000	34,000
	Total direct obligations	145,961	155,000	157,000

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $52,272.

OFFICE OF THE DIRECTOR

Mr. SHEPPARD. This is broken down into four items. The first is the "Office of the Director." You want $58,000 in 1953 and in 1952 you had $54,000. What is the reason for the increase?

Captain MEADE. It is a very small increase inasmuch as we are now budgeting for certain expenses ourselves because of the fact that we have moved from Washington to Denver and are required to carry all of our expenses. This, of course, is a very small amount for the Director's office in comparison with the total amount of funds expended.

Mr. SHEPPARD. I notice in your justifications you refer to $4,000 being primarily for automotive maintenance, personnel promotions, and services which are new factors of expense since you have moved to the Denver office.

Captain MEADE. Yes.

INSPECTION

Mr. SHEPPARD. We will take up the next project, "Inspection." In 1953 your estimate is for $45,000. In 1952 it was for $49,000. This reflects a decrease. What are your comments pertaining to your inspection operation?

Captain MEADE. There is substantially no change in our inspection operations, Mr. Chairman. There have been certain changes in personnel. People have left us and other people have been employed, and with people of less experience the average salary has gone down.

EMPLOYMENT OF EXPERT CONSULTANTS

Mr. SHEPPARD. We will take up the next project, "Employment of expert consultants." The 1953 estimate is for $20,000. The estimate for 1952 was $20,000. Are you using the same force?

Captain MEADE. Yes.

Mr. SHEPPARD. How are you getting along in that field of operation? Are you having trouble getting those people?

Captain MEADE. These are contract arrangements with De Golyer & MacNaughton of Dallas, and with Stanley, Stolz & Dodson of Los Angeles. They are consulting firms. They are the same firms that we have dealt with for some years.

ADVANCE TO UNITED STATES GEOLOGICAL SURVEY

Mr. SHEPPARD. We will take up the next project, "Advance to the United States Geological Survey." In 1953 the estimate is for $34,000. The estimate for 1952 was $32,000. This shows a $2,000 increase. What is the reason for the additional $2,000?

Captain MEADE. Well, this is one of those cases, Mr. Chairman, where we rely upon other agencies to tell us how much the cost amounts to. The Bureau is represented here.

Mr. REED. I do not know the answer.

Mr. SHEPPARD. Will you supply the answer for the record?

Captain MEADE. We will supply the answer for the record.

(The requested information is as follows:)

The increase of $2,000 for services performed by the United States Geological Survey is due to the recent civil-service pay raise which increased the personnel-services obligations for these services.

Mr. WIGGLESWORTH. Do you not think that it would be well to set a shining example here, Captain, by pulling this expenditure cost down year by year instead of coming in here for a $2,000 increase?

Captain MEADE. We would be very happy to do so at any time that it would be possible.

Mr. WIGGLESWORTH. You would be in a terrible way if you did not get that extra $2,000, I assume?

Captain MEADE. We would like to have it to meet our estimated requirements, sir.

INCREASE DUE TO PAY-ACT COSTS

Mr. WIGGLESWORTH. I understand that you do not know the first thing about the $34,000 that you are planning to turn over to the Geological Survey. It is one of those items where you are supplying the money to give some other agency?

Captain MEADE. Mr. Wigglesworth, I may have created a false impression there. This increase is in line with the civil-service pay raise which was granted last year. There is no increase in the personnel. Substantially this same amount has been used through the years by the United States Geological Survey in giving us necessary services in the administration of Naval Petroleum Reserve No. 2 and Naval Petroleum Reserve No. 3. I believe that their operation is economical and is being done with a minimum of personnel.

Mr. WIGGLESWORTH. Did you determine this figure, or did they?

Captain MEADE. They did, sir.

Mr. WIGGLESWORTH. So you really do not know what it is based upon? You are just accepting their computation?

Captain MEADE. A number of years ago, sir, studies were made to see whether the Navy could perform this function at a more economical rate. At that time it was proven to our satisfaction, and I believe it has been submitted to the committee before in previous years, and it was shown that the use of these personnel at substantially this cost was more economical than could be done by the Navy's own personnel. They have an office in Taft, California, that is doing this work.

Mr. WIGGLESWORTH. My question was just directed to the amount and pointing out that here again we seem to have an item presented to this committee by witnesses who are not in a position to justify it. That is not good business from the standpoint of the committee or the Congress.

Mr. SHEPPARD. Again I say, Admiral Clexton, in future presentations for split-offs of this character, see that the agency that is going to spend the funds has some explanation available.

Admiral CLEXTON. Yes.

NAVAL PETROLEUM RESERVE NO. 1

Mr. SHEPPARD. We will take up budget activity No. 2, "Naval petroleum reserve No. 1." You are asking for $12,693,000 in 1953. You had $11,493,000 in 1952. This shows an increase of $1,200,000 in your 1953 estimate.

We will insert the tabulation on page 23–10 in the record at this point.

(The tabulation referred to is as follows:)

No.	Project	1951 actual	1952 estimate	1953 estimate
2-A	Exploration and development	$3,148,000	$10,643,000	$11,800,000
2-B	Operation	750,000	850,000	893,000
	Total direct obligations	3,898,000	11,493,000	12,693,000

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $10,407,307.

EXPLORATION AND DEVELOPMENT

Mr. SHEPPARD. This activity is broken up into two subprojects. The first is "Exploration and development." Your 1953 estimate is $11,800,000; your 1952 estimate was $10,643,000. I wish that you would present the necessity for this and why the increase.

Captain MEADE. This relates to my earlier statement when I made reference to the fact that the National Security Council had recently considered the program for the development of the Elk Hills field. Their recommendation which accounts for most of the funds in this project No. 2A was that we increase the rate of readiness by substantially doubling the rate of drilling, and that accounts for $11,000,000 of the total.

OPERATION

Mr. SHEPPARD. The next project is operation. Your 1953 estimate is $893,000; your 1952 estimate was $850,000. Is that Navy's share of all maintenance cost of the reserve for the fiscal year 1953?

Captain MEADE. Yes.

Mr. SHEPPARD. What type of operation does that include?

Captain MEADE. The field is not allowed to be operated at full strength without a joint resolution of Congress. We do have the authority to operate the field for several purposes, to test new wells, to produce certain wells for engineering purposes in the interest of protection of the field, and certain wells that are produced to prevent drainage from wells on the other side of the boundary outside the reserve.

The handling of the production preparatory to sale is a type of expenditure that is covered under this.

Mr. SHEPPARD. I would assume under that title, percentagewise, if not totally wise, your operation there has to do with the general protection of the field insofar as its loss by improper withdrawal of oil is concerned, and encroachment by other properties outside the border line of the Naval Petroleum Reserve.

Captain MEADE. Yes.

Mr. SHEPPARD. It is something that has to be watched very carefully. If not, wells outside of the reserve would be encroaching upon the oil within the reserve.

INCREASE IN EXPLORATION AND DEVELOPMENT

Mr. WIGGLESWORTH. I notice that you say that the program for complete development of the field was begun in the fiscal year 1949. Your exploration and development figure in 1951 is $3,148,000. In 1952 it jumps to $10,643,000. In 1953 you want $11,800,000. Why the increase?

Captain MEADE. These increases represent increased readiness of the field. These are, you might, say, capital expenditures.

Mr. WIGGLESWORTH. You have been drilling and equipping ever since 1949.

Captain MEADE. Yes. These capital expenditures are such that should we put the field upon full production for a single year the return to the Treasury of the United States would be approximately $75,000,000 a year.

Mr. WIGGLESWORTH. What I am getting at is, why does it cost you more to do the drilling and the equipping in 1953 than it did in 1952, and still more than it did in 1951?

Captain MEADE. We are doing more work, sir. We are estimating for 1953 approximately 120 wells, more or less. About 100 of them

will be in the Stevens zone, which means they are deep wells but they are very productive wells.

Mr. WIGGLESWORTH. How many wells did you drill this year?

Captain MEADE. Approximately 50 wells to the end of the fiscal year in the Stevens zone and approximately 40 in the shallow zone.

Mr. WIGGLESWORTH. Why does your operation item go from $750,000 in 1951 to $850,000 in 1952 to $893,000 estimated in 1953?

Captain MEADE. There will be, due to the increased drilling rate, an increased amount of testing to be done, and therefore an increase in cost. Correspondingly there will be an increase in income.

PETROLEUM REVENUE

Mr. WIGGLESWORTH. What is the income right now?

Captain MEADE. From the two California fields approximately $4,000,000 a year from reserve No. 1 and approximately $1,000,000 from reserve No. 2.

Mr. FERNANDEZ. I understand the cost of drilling has gone up in the last year or two?

Captain MEADE. Yes; that is true.

Mr. FERNANDEZ. That is what I understand from industry, and I suppose that applies to you also.

Captain MEADE. Yes.

Mr. FERNANDEZ. Has it gone up considerably?

Captain MEADE. I would say so in the past several years.

Mr. FERNANDEZ. I mean in the last couple of years.

Captain MEADE. Perhaps 10 percent.

NAVAL PETROLEUM RESERVE NO. 3

Mr. SHEPPARD. We will take up the next budget activity, "Naval Petroleum Reserve No. 3." Your one project is exploration. Your 1953 estimate is $400,000. Your estimate for 1952 was $300,000. This represents an increase of $100,000.

UNEXPENDED BALANCE

The unexpended balance of December 31, 1951, was $300,000.

NEW DISCOVERIES OF OIL RESERVES

Captain MEADE. If you have time, I have a very interesting story on Teapot Dome and some new discoveries.

Mr. SHEPPARD. That has been widely publicized over a period of years. Do you have anything new about it that would be interesting to the committee?

Captain MEADE. The new thing is that we have just finished a deep test, sir, and we have made two new discoveries of oil at places where we had not previously known that oil existed in this reserve.

Mr. SHEPPARD. This has happened since you appeared before this committee last year?

Captain MEADE. Yes. We asked for funds for this exploratory well last year, and the results of the first well have been very successful and significant. A well has been drilled at this point. It is the first test well that has been drilled in the last 25 years, and it is the first deep test well which has gone all the way to granite.

Mr. SHEPPARD. Supply for the record what description you would use insofar as its location is concerned.

Captain MEADE. The geographical location selected is 61 feet north of the south line and 1,282.7 feet west of the east line of the northeast quarter section 10, township 38 north, range 78W in Natrona County, Wyo.

Mr. SHEPPARD. How deep do you have to go?

Captain MEADE. We have gone to granite, sir, which is a depth of approximately 6,800 feet.

Mr. SHEPPARD. Where did you hit production?

Captain MEADE. We hit production first in what are called the muddy sands.

Mr. SHEPPARD. At what footage?

Captain MEADE. Approximately 3,600 feet. We found a pay section of about 10 feet with a substantial pressure of high quality oil. Then we went on down to the tensleep formation at approximately 5,400 feet and found a very significant discovery there of a producing zone of approximately 157 feet of thickness with medium gravity black oil.

On the basis of a single well it is impossible, of course, to make definite conclusions, but so much as we are able to tell from one well indicates that we possibly have made a very important discovery and a substantial increase in reserves at Naval Petroleum Reserve No. 3.

Mr. SHEPPARD. Are you going to put this all on production?

Captain MEADE. We are now setting casing. We expect to make a production test.

Mr. SHEPPARD. From what level?

Captain MEADE. From the tensleep. That is the more important of the two discoveries.

There is another development in the same field that should be brought to your attention in that other operators have been drilling south of the reserve and they have made discoveries in a zone which has not proven to be productive in our Reserve, and in addition to which they have found apparently the same sands that we found in the muddy sands in our latest well. It is entirely possible that their operations might result in drainage in the south areas of our reserve.

Mr. SHEPPARD. What is the closest well you have to the area—of their production or development?

Captain MEADE. Our closest well, of course, is the exploratory well that I have described.

Mr. SHEPPARD. How can you determine whether or not you are getting encroachment if you do not put a well in that area?

Captain MEADE. We will undoubtedly have to do so, sir. This has been quite a recent development, and there is nothing included in this budget for exploratory wells, but I point out it may be necessary.

Mr. SHEPPARD. Are those wells outside the reserve in production?

Captain MEADE. This one here, which is 860 feet south of the boundary, was drilled by Brinkerhoff and is in the process of being put on production. Another well closer to the south boundary is now being drilled and has reached approximately 1,000 feet.

Mr. SHEPPARD. Neither one of these wells as of the moment is in actual production?

Captain MEADE. No, sir. We are not able to say yet whether they will drain us. It will be necessary to observe their operations and then we can reach conclusions as to whether we should drill offset wells.

Mr. SHEPPARD. Let us assume now that both of these wells are brought into production. What length of time would be necessary in order for you to establish, first, the volume that they are bringing in, because that would be a factor, and then what length of time do you figure that it would be necessary for you to start drilling in there to preserve our own interests within the confines of the reserve?

Captain MEADE. I would say, sir, we should observe the operations of the private wells outside the reserve for some months, several months.

Mr. SHEPPARD. A year?

Captain MEADE. Certainly, 1 year would be adequate—no more than that.

NAVAL PETROLEUM RESERVE NO. 4, ALASKA

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate	$11,000,000		$8,500,000
Prior year balance available	940,386	$3,157,594	
Reimbursements from other accounts	132,332	200,000	200,000
Total available for obligation	12,072,718	3,357,594	8,700,000
Balance available in subsequent year	−3,157,594		
Obligations incurred	8,915,124	3,357,594	8,700,000

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
Direct Obligations			
1. Exploration	$7,889,026	$2,307,594	$7,600,000
2. Airlift	642,969	600,000	650,000
3. Airway facilities	250,797	250,000	250,000
Total direct obligations	8,782,792	3,157,594	8,500,000
Obligations Payable Out of Reimbursements From Other Accounts			
1. Exploration	106,656	160,000	160,000
2. Airlift	25,676	40,000	40,000
Total obligations payable out of reimbursements from other accounts	132,332	200,000	200,000
Obligations incurred	8,915,124	3,357,594	8,700,000

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Total number of permanent positions	1	1	1
Full-time equivalent of all other positions	8	8	8
Average number of all employees	9	9	9
Average salaries and grades:			
General schedule grades:			
Average salary	$7,600	$8,560	$8,560
Average grade	GS–13.0	GS–13.0	GS–13.0
Direct Obligations			
01 Personal services:			
Permanent positions	87,600	$8,560	$8,560
Part-time and temporary positions	29,594	30,000	30,000
Regular pay in excess of 52-week base		42	42
Payment above basic rates	2,177	2,140	2,140
Total personal services	39,371	40,742	40,742
02 Travel	1,200	2,000	2,000
03 Transportation of things	120,000	156,000	200,000
05 Rents and utility services	21,174	22,000	22,000
07 Other contractual services	656,231	615,000	665,000
Services performed by other agencies	575,287	524,822	525,000
08 Supplies and materials	596,097	100,000	880,000
10 Lands and structures	6,772,532	1,703,630	6,245,258
Total direct obligations	8,782,792	3,157,594	8,500,000
Obligations Payable Out of Reimbursements from Other Accounts			
07 Other contractual services	25,676	40,000	40,000
10 Lands and structures	106,656	160,000	160,000
Total obligations payable out of reimbursements from other accounts	132,332	200,000	200,000
Obligations incurred	8,915,124	3,357,594	8,700,000

Mr. SHEPPARD. All right. We will pick up the next appropriation item, which is reflected beginning on page 24–2.

Mr. Reporter, you will insert in the record the statement reflected on pages 24–2 and 24–3.

(The matter referred to is as follow:)

APPROPRIATION INTRODUCTION

Exploration for oil by the Navy in Naval Petroleum Reserve No. 4, Alaska, was begun in 1944, by the Navy Seabees, at the direction of the Secretary of the Navy, in an effort to find a new source of oil to supplement the dwindling reserves on our west coast. The necessity for continuation of the exploration after cessation of hostilities and consequent demobilization of the Seabees was reaffirmed by the Congress in 1946 and again in 1948, and additional funds for continuation of the project on a contract basis were appropriated in those years. The Armed Services Committee of the House in 1948, after an extensive investigation of petroleum availability, approved a program for continuation of the exploration until the petroleum resources of the reserve could be determined.

The reserve itself is approximately 37,000 square miles of tundra, lakes, and foothills, with its northern boundary the Arctic Ocean, and its southern the Brooks Mountain Range. The presence of numerous oil and gas seepages in the area led to the decision to set it aside as a naval petroleum reserve. This was accomplished by Presidential Executive Order No. 3797–A dated February 27, 1923. In addition, there are approximately 39,000 square miles set aside by Public Land Order No. 82 dated January 23, 1943, which are available to the Navy for exploration.

In general, the execution of this exploratory program has consisted of:

(1) The mapping of this area by aerial, geological, and geophysical methods to determine the surface and subsurface structure of the sedimentary beds; and

(2) The drilling of a number of test wells to determine the existence or absence of commercial accumulation of petroleum.

Although not financed by this appropriation, numerous other Government agencies have come into the reserve for Arctic research pursuits in many fields of science. To the greatest extent possible, without interfering with the oil program, facilities are made available to those agencies on a reimbursable basis.

A thorough review of the Alaskan exploration program has been made, and it is the present policy of the Navy Department to continue the program subject to the availability of funds until a reasonably complete evaluation can be made.

Funds were not requested in the fiscal year 1952 budget due to a review of the program being made during the submission period. In view of the decision to continue the program, a supplemental request will be made during fiscal year 1952 to provide funds for the calendar year 1952 exploration program and procurement for the calendar year 1953 exploration program.

Funds are requested in this estimate for a full year of exploration during calendar year 1953 and for procurement for the 1954 exploration program. Approximately 10 shallow and 5 medium depth wells are planned for the 1953 exploration program. The exact details of the exploration program are based upon the recommendations of a group of expert advisers. Their recommended program is based upon the latest available information as of November 1951.

The advice of this committee will be continuously available to revise the program as information obtained by subsequent discoveries may dictate. This advisory group which has been known as the Operating Committee includes such recognized experts in their field as: DeGolyer and MacNaughton, consultants in petroleum engineering to many large companies and governments; Director, United States Geological Survey; Mr. Walter A. English, well-known consulting geologist, in addition to the personnel of the Office of the Director, Naval Petroleum Reserves, and the contract organization engaged in the conduct of the exploration program.

Advice is also regularly obtained from experienced personnel of large commercial companies engaged in exploration for oil and from the Bureau of Mines.

Exploration

Mr. Sheppard. We will pick up the first activity, which is reflected on page 24–6.

Mr. Reporter, insert in the record at this point the table at the top of page 24–7.

(The matter referred to is as follows:)

Budget activity No. 1—Exploration

No.	Project	1951 actual	1952 estimate	1953 estimate
1-A	Surface exploration	$823,761	$268,000	$1,025,000
1-B	Drilling	3,500,000	730,000	2,425,000
1-C	Logistics	3,565,265	1,309,594	4,150,000
	Total direct obligations	7,889,026	2,307,594	7,600,000

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $1,991,230.

Mr. Sheppard. I notice in the summary of your activities that this is comprised of three operations—exploration, airlift, and airway facilities—and that the total of your 1953 estimate for your Naval Petroleum Reserve No. 4, Alaska, is $8,500,000. In 1952 your estimate was for $3,157,594, and this reflects an increase of $5,342,406.

Captain MEADE. The explanation of that, sir, is that a supplemental request is being introduced for additional funds in 1952 in the amount of $6,100,000.

Mr. SHEPPARD. But that is not before the committee at this time.

Captain MEADE. No, sir.

Mr. SHEPPARD. What is the status of the supplemental?

Admiral CLEXTON. The Bureau of the Budget has it, and yesterday they indicated they were sending this up.

Mr. SHEPPARD. All right, then, we will address ourselves to the appropriation which is presently being requested from this committee.

I notice project No. 1, "Exploration," is divided into three activities—1–A, 1–B, and 1–C. We will address ourselves to activity No. 1, in which your request for 1953 is for $7,600,000. In 1952 your estimate was $2,307,594. In 1–A, surface exploration, which is subactivity of the title I have just referred to, your estimate in 1953 is $1,025,000, and in 1952 it was $268,000, which shows a very definite increase.

I would like to have you explain to us as to why the increase and where the increase is to be applied geographically within the confines of Alaska.

Captain MEADE. The actual difference will not be represented exactly by these figures if the supplemental appropriation is provided. The program is actually planned for 1953 at approximately the same rate as for 1952.

Mr. SHEPPARD. What is represented in the $1,025,000? That is not the supplemental budget.

Captain MEADE. No, sir.

Mr. SHEPPARD. Now, I am addressing myself specifically to that estimate which is before us, $1,025,000.

Captain MEADE. The surface exploration included in the $1,025,000 estimate for 1953 includes all geophysical and geological work to be performed in the reserve. The gological work is performed by the United States Geological Survey, and the geophysical work is performed by the United Geophysical Co., a subcontractor under the general contract with Arctic Contractors.

This work of this kind is necessary to delineate suitable structures for drilling in accordance with the same practices and technical approaches that are used by commerecial exploring organizations.

Mr. SHEPPARD. We have had work of this general character in the past and contracts for those functions in the Alaskan reserve, and resulting from that type of work we have already started spudding-in some test wells?

Captain MEADE. Yes, sir.

Mr. SHEPPARD. Now, are you applying this exploration work to the area within which you have spudded-in, or are you extending it out into that geographical sphere beyond there and doing more analysis work, as it were?

Captain MEADE. This kind of exploration is reaching out into undrilled areas. It is attempting to find new places in which to drill.

Mr. SHEPPARD. What have been the results from wells that you have spudded-in so far?

Captain MEADE. We have one field discovered in Umiat on the Colville River and have defined an old field which is estimated to have recoverable oil in the range of from 30 million to 100 million barrels of oil. We have found oil in two other places, but they are not considered to be important quantities. We have simply proved that oil is present.

We have found natural gas in five wells. One which seems to be particularly significant and which has been most recently discovered is in a structure called Gubik, which is just east of the Umiat field. Another significant location is in the Barrow area, in which natural gas is being used in the operation of our camp.

In addition to these actual discoveries, which in themselves cannot be shown to be commerecial yet, we have located the existence of other structures which should be tested.

Summing up, we have made a fairly good start on the exploration of the cretaceous prospects, and we have proven the existence of oil and natural gas in those formations.

Mr. SHEPPARD. With reference to the field you referred to in the early part of your comments, where you said you had a field——

Captain MEADE. Yes, sir; Umiat field.

Mr. SHEPPARD. In which you have a potential production of from 30 million to 100 million barrels, what are you doing with that production as of the moment, if anything, other than the fact that you established that potentiality—leaving it dormant?

Captain MEADE. We have run two production tests over a period of about 3 months, to prove that the field could produce, and then have shut in the field. We do not feel that the situation yet calls for any development there. We are still in the position of attempting to complete a reasonable evaluation of the prospects for oil finding in that vast reserve, and we have not felt, Mr. Chairman, that the time has come to do any development yet.

Mr. SHEPPARD. As I recall past testimony before the committee here the development that you have presently referred to is all within the confines of Government control, and there are no local holdings immediately connected with it at all, are there?

Captain MEADE. No, sir. We have complete title.

Mr. SHEPPARD. What I am getting at is this, out of the expenditure that we are going to contribute for the development of oil in this Alaskan reserve, and, specifically at the moment, addressing myself to the development that you have referred to, we will not find ourselves in the position later on where we are going to begin to find ourselves protecting ourselves against an outside holding encroachment?

Captain MEADE. We have every reason to believe, Mr. Chairman, that the Government will obtain the full benefit of the discoveries that we make.

AGREEMENT WITH DEPARTMENT OF INTERIOR

Mr. SHEPPARD. What is the status of the land immediately adjacent to the area where you have established productivity?

Captain MEADE. In the fiscal year 1951 a change of appropriation language was effected by amending section 705 of Public Law 911 which allows us to explore and prospect Government-owned lands adjacent to the Naval Petroleum Reserve No. 4.

That land was withdrawn from public entry by the Department of the Interior and an understanding has been reached that, should the result of our exploration so justify, we would come in to the proper authorities with a request to change the boundaries of our Naval Petroleum Reserve No. 4.

Mr. SHEPPARD. But, in the meantime, you have a distinct understanding with the Land Division of the Department of the Interior and with the Secretary of the Interior that there will be no release of the land to interests that are in any manner going to encroach upon the development we have made there?

Captain MEADE. It is my understanding that the Department of the Interior has gone on record in the form of a letter, in the form of instructions by the Secretary of the Interior himself to the subordinate bureaus that he is in complete agreement with the position the Navy takes in regard to these plans.

Mr. SHEPPARD. Can you supply a copy of that letter for the record?

Captain MEADE. Yes, sir.

(The matter referred to is as follows:)

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
February 28, 1952.

MEMORANDUM

To: Director, Bureau of Land Management.
Director, Geological Survey.
From: Secretary of the Interior.
Subject: Proposed testimony of Director, Naval Petroleum Reserves.

Through the Director of the Geological Survey I have been requested to review and approve for the Interior Department a proposed statement by Capt. R. H. Meade, Director, Naval Petroleum Reserves, to be given to an appropriate committee or committees in regard to the continuation in Alaska of the Navy's oil exploration program. I have approved the statement. It contains the following paragraphs which I call to your attention so that you will know my policy in this regard.

"During the exploration program, it has become apparent that the boundaries of Naval Petroleum Reserve No. 4 in Alaska do not necessarily delineate exactly the most favorable areas for the finding and production of oil in the northern part of Alaska. In the fiscal year 1951, a change of appropriation language was requested and approved by section 705 of Public Law 911. This section states as follows: 'Funds heretofore or hereafter appropriated under the appropriation title, "Naval Petroleum Reserve No. 4, Alaska," Department of the Navy, shall be available for exploration and prospecting on Government-owned lands adjacent to the Naval Petroleum Reserve No. 4.'

"One well has been drilled in the adjacent public lands, one well is drilling and an additional well is planned during the calendar year 1952. Considerable geology has been completed in these lands, and additional seismic work is planned during the calendar year 1952.

"An understanding has been reached with the Department of the Interior to maintain the present status of these lands during the Navy's exploration program. If justified by the results of the exploration, appropriate action will be requested to modify the present boundaries of Naval Petroleum Reserve No. 4.

"A statement of similar nature was submitted by the Department of the Navy in connection with hearings on Public Law 911 of the Eighty-first Congress after clearing with the Secretary of the Interior for his concurrence, and this statement has also been cleared with the Secretary of the Interior with respect to his concurrence in the status of the public lands withdrawn from public entry by Public Land Order No. 82."

OSCAR L. CHAPMAN,
Secretary of the Interior.

Mr. SHEPPARD. Further more, at this time, I would like to make it a part of the record that if by any happenstance there should be

a change in the attitude of the Secretary of the Interior, obviously, as a compliment to another division of the Government, to wit, to the Navy, that you would be advised of the change in that order, and I respectfully request if there is effected a change in the present status of the adjoining land that the committee be advised at the time the change is indicated to you.

DRILLING

We will pick up your next item, "Drilling," for which you are asking for $2,425,000 in 1953, and you had in your estimate for 1952, $730,000.

That is an increase. What does that indicate, additional drilling that one might infer, or an increase in the cost of the drilling already under way?

Captain MEADE. Here, again, the effect of the supplemental is not shown in the 1953 estimates.

Mr. SHEPPARD. I do not anticipate it will be. We will address ourselves strictly to the estimates we have under consideration. The supplemental estimate will take care of itself when we get it.

Captain MEADE. By the end of December 1951 a total of 31 wells and 41 core holes had been drilled, and 7 oil wells and 5 gas wells have been found productive.

As to the 1953 drilling program we will begin to drill the most favorable structures to get the capacity and contribute to a reasonable evaluation of the reserve.

DETERMINATIONS OF DRILLING LOCATIONS

The way that $2,425,000 will actually be assigned to drilling or well locations is this: At least twice a year a group of highly qualified experts who are well known and able to advise the Secretary on these points meet, and they review the geological and geophysical exploration, and they recommend to the Secretary specific locations which should next be drilled.

This money we are now discussing would be so used. The advisers are deGolyer and McNaughton of Dallas, Tex., and the Director of the United States Geological Survey, Dr. William E. Wrather, and others of a recognized place in petroleum experience.

LOGISTICS

Mr. SHEPPARD. All right, pick up your next item, 1C, "Logistics," for which your estimate in 1953 is $4,150,000. In 1951 you had $3,565,265, and your estimate for 1952 was $1,309,594.

That is an increase. Will you tell us what this money is being expended for, and why additional funds are being requested for 1953 as compared with 1952?

Captain MEADE. The sum of $2,100,000 is requested for procurement on the basis of a full year of exploration during the calendar year 1954. That is a year on ahead. It is necessary to procure a year ahead inasmuch as shipping must arrive at Point Barrow in July or August each year.

Mr. SHEPPARD. This is a seasonal situation over which you have no control?

Captain MEADE. Yes, sir.

Then, the sum of $1,500,000 is requested for the maintenance of camps. Logistic planning, transportation of things, and administrative personnel are functions which comprise the composition of the remainder of the request in the amount of $550,000.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

UNOBLIGATED BALANCES

Mr. WIGGLESWORTH. As I understand it, you had unobligated at the start of fiscal year 1952, $3,157,594?

Captain MEADE. Yes, sir.

Mr. WIGGLESWORTH. The original plan was to use up that balance and quit. Subsequently, plans were reviewed and it was decided to make further exploration there, and, therefore, a supplemental budget in the neighborhood of $6 million is likely to be presented in the near future?

Captain MEADE. That is true with one exception, sir, and that is, that the decision was never made to quit. The decision was held open at the time of the hearings a year ago and the committee was advised that funds for continuation were not included.

Mr. WIGGLESWORTH. But you had $3,157,000 that you could use?

Captain MEADE. Yes, sir.

Mr. WIGGLESWORTH. And that is reflected in your breakdown on page 24–6.

Captain MEADE. Yes, sir; that is correct. The decision was held open, Mr. Wigglesworth, based upon a complete review to be made by the Secretary of the Navy until he should so authorize the presentation of a continuing request for funds before this committee was withheld.

In order to accomplish that result a meeting of many well-qualified advisers, some of whom I have mentioned, and others representing industry and other agencies of the Government met in Fairbanks in June of 1951, and the Honorable John Koehler, the Assistant Secretary representing the Secretary, attended that meeting.

He made an on-site inspection of the reserve, consulted with the expert consultants, and at that time decided that he could take no action to stop the exploration.

He came back to Washington and consulted with the chairman of the Armed Services Committee and they reached an understanding that the exploration should go on, and on that basis our exploration has continued, sir.

Mr. WIGGLESWORTH. And, including the supplemental, which may be presented in the near future, that would mean that you are requesting for the year 1952 something like $9,157,000.

Captain MEADE. That would be the practical effect of it; yes, sir.

Mr. WIGGLESWORTH. And for 1953 your request is $8,500,000?

Captain MEADE. Yes, sir.

Mr. WIGGLESWORTH. You say these costs for surface exploration and drilling are determined in the light of experience. Are they determined on a competitive basis?

Captain MEADE. No, sir. The contract exploration in this reserve is done under a cost-plus-a-fixed-fee contract, which is a negotiated type of contract.

Mr. WIGGLESWORTH. Is it impossible to get competitive bids?

Captain MEADE. It has never been considered practical under these circumstances.

Mr. WIGGLESWORTH. Why?

Captain MEADE. We are exploring a completely new area. The reserve is an Arctic waste, occupied normally by a few Eskimos.

Once a contractor begins an operation of that kind there is really no one who can compete with him on the same basis. You can get your best costs from the contractor who is already there.

INCREASE IN PROCUREMENT

Mr. WIGGLESWORTH. Why do you need so much under item 1–C for procurement, maintenance, and so forth? You want $4,150,000, which compares with the figure of $3,500,000 in 1951.

Captain MEADE. There, again, sir, we are making a comparison with the 1952 figures.

Mr. WIGGLESWORTH. No, I am comparing it with 1951.

Captain MEADE. In 1951, procurement was held down, Mr. Wigglesworth, because the decision was open as to the work to be done in 1952. Therefore, there was less procurement during 1951. In 1953 we are getting back to a normal situation.

Mr. WIGGLESWORTH. Do you have a list of that procurement?

Captain MEADE. No, sir; but I can provide one for the record.

Mr. WIGGLESWORTH. You do not have it here?

Captain MEADE. No, sir.

Mr. WIGGLESWORTH. I wish you would put that in, showing in parallel columns what you got in 1951 and what you will get in 1953.

Captain MEADE. Yes, sir; but it will take some time.

Mr. WIGGLESWORTH. Do you not know what this $4,150,000 is to be used for?

Captain MEADE. Yes, sir; I can give you approximate figures now if you wish them.

Mr. WIGGLESWORTH. Well, you must have compiled it from some specific list of items. Therefore, it would be just as simple as A B C to furnish that information for us when you revise your remarks.

Captain MEADE. Yes, sir, but I do not have that here with me.

Mr. WIGGLESWORTH. It should not require a great deal of time.

Captain MEADE. We will provide that for the record at this point.

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

Material and supplies	1951	1953
Lumber and building supplies	$20,000	$124,500
General supplies:		
(a) Food	450,000	475,000
(b) Clothing, parachutes, shoes, etc	30,000	100,000
Spare parts and equipment	20,000	275,500
Oil field supplies, drilling equipment, pipe, cutters, machinery, etc	425,000	627,000
Fuel, lubricating oil, greases, and dynamite	505,000	498,000
Total	1,450,000	2,100,000

AIRLIFT

Mr. SHEPPARD. All right, gentlemen, we will pick up budget activity No. 2, "Airlift," in which you are making your request for 1953 for $650,000. In 1952 you had $600,000.

Mr. Reporter, at this point in the record insert the top portion of page 24–11.

(The matter referred to is as follows:)

No.	Project	1951 actual	1952 estimate	1953 estimate
2–A	Airlift	$642,969	$600,000	$650,000
	Total direct obligations	642,969	600,000	650,000

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $390,648.

Mr. SHEPPARD. Briefly tell us the necessity for the airlift and for the $50,000 increase.

Captain MEADE. Yes, sir.

As I previously testified, the major supply method for this reserve is by ship, which is available to us only in July and August. That is, major as to tonnage.

Mr. SHEPPARD. I realize your climatic conditions which are involved. In fact, we have had that testimony before the committee ever since this Alaskan production had been before the committee for consideration.

CIVILIAN CONTRACT OPERATION

Is that a civilian-contract operation?

Captain MEADE. Yes, sir.

Mr. SHEPPARD. What are the airlift corporations or companies that are doing this work under contract?

Captain MEADE. At the present time, under a contract which will expire on the 30th of June this year we are using Transocean Air Lines. The new contract will be advertised, and in this case we will obtain competition for services extending beyond June 30 of this year.

Mr. SHEPPARD. I can readily appreciate the line of demarcation in handling your contract for your airlift requirements, as against that of your drilling operations, because the climatic condition does not apply to the same degree to your airlift that it would apply to a driller going into an adverse climatic condition, and going into the unknown factors in which he has to operate, and it is very difficult to get a competitive status there.

Captain MEADE. Yes, sir.

Mr. SHEPPARD. This is to handle your tonnage and is to be moved from where, Seattle, or it moves from what point to what area?

Captain MEADE. From Fairbanks we handle material and personnel. There is an airfield at Umiat and at Point Barrow, and in addition there are provided what are commonly known as bush-plane services, for the transportation of personnel or any small loads from the main camp to the outlying camps.

Mr. SHEPPARD. Again, that is an operation that is particularly addicted to that country. Very few of the fliers in the United States would care to go out on one of those bush-hopping jobs. It takes quite a lot of experience before an aviator goes into that kind of an operation.

Mr. FERNANDEZ. From what you have said, and from reading the justifications, I take it that the Air Transport is handled by contracts to private industry?

Captain MEADE. Yes, sir.

Mr. FERNANDEZ. And Navy and Air Force transport planes are not used at all?

Captain MEADE. That is correct, sir.

Mr. FERNANDEZ. If they could be used, and I expect they cannot now, how much less would it cost the Government, or would the cost be about the same?

Captain MEADE. I could tell you how much we could drop out of this budget, sir—$650,000. I am not able to tell, though, what the military cost would be.

I might say that in some of the earlier years of operation military planes were used. As far as petroleum exploration was concerned, that was a completely satisfactory solution.

Mr. FERNANDEZ. Of course, you could drop out $650,000 from your budget, but it would have to be made up in some other budget.

Captain MEADE. I am not able to tell you how much their budget would be increased.

Mr. FERNANDEZ. Can you make it clear for the record why the Navy or Air Force or the Military Air Transport Service could not at this time undertake that airlift operation in Alaska?

Captain MEADE. I do not know that I can answer that question authoritatively, sir. All I can say is we have asked them for it, and they do not have the equipment available.

Admiral CLEXTON. I would say that the strength of the Navy Air Transport and the Air Force and the Navy air arm are such that this program was not contemplated.

(Discussion off the record.)

Mr. FERNANDEZ. That is all, Mr. Chairman.

Mr. SHEPPARD. Mr. Wigglesworth?

OBLIGATIONS

Mr. WIGGLESWORTH. What were your obligations under this item as of December 31, last?

Captain MEADE. The breakdown is by No. 2, but not by 2–A. We can put that in the record for you, sir.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Captain MEADE. We will still have to get it for the record.

Mr. WIGGLESWORTH. Do you not have your obligations and expenditures here?

Commander BOMKE. We have by appropriation but not by activities, sir.

Mr. WIGGLESWORTH. Please furnish that for the record.

Captain MEADE. Yes, sir.

(The matter referred to is as follows:)

Obligations for the airlift activity as of December 31, 1951, were $175,675.

CONTRACT AWARD ON COMPETITIVE BASIS

Mr. WIGGLESWORTH. This represents contracts with one company or many companies?

Captain MEADE. One company, sir. The Transocean Air Lines, sir, at present. Of course, the new funds to be appropriated would be used for the successful bidder after June 30.

Mr. WIGGLESWORTH. Was this contract awarded on a competitive basis?

Captain MEADE. Yes, sir.

Mr. WIGGLESWORTH. What rate are you paying; do you know?

Captain MEADE. We have a copy of the contract here, and there is a scale there depending on the type of equipment used.

Mr. WIGGLESWORTH. Do you not have the rate per ton?

Captain MEADE. The rates vary in accordance with the equipment used, and I do not have a copy of the contract with me, sir.

Mr. WIGGLESWORTH. Do you not know roughly the rate per ton carried or whatever the unit the measurement is?

Captain MEADE. The unit of measurement is the time and type of aircraft.

Mr. WIGGLESWORTH. You mean the number of flight hours?

Captain MEADE. The flight hours; yes, sir.

Mr. WIGGLESWORTH. You do not know what that is?

Captain MEADE. I do not have it here, sir; I can provide it for the record.

(The information referred to is as follows:)

CONTRACT N406S-27086, TRANSOCEAN AIRLINES

Schedule of rates

APPLICABLE TO TYPE 1

	Price per flight-hour
Type of airplane (ships to be equipped with skis, wheels, or floats as required for various landing conditions):	
Aeronca or equal	$13.00
Piper Cub Trainer or equal	13.00
Cessna (2-place) or equal	13.00
Piper Cub Super-Cruiser, or equal	13.00
Piper Super Cub with tandem landing gear	27.50
Aeronca sedan	30.00
Stinson stationwagon	30.00
Bellanca Skyrocket CH-500 or equal	29.00
Travellair or equal	29.00
Bellanca Pacemaker (freighter) or equal	37.50
Norseman or equal	37.50
Amphibious ships: Grumman Widgeon or equal	25.00
Ships to be wheel and ski equipped as required for varying landing conditions: Douglas R4D (DC-3) or equal	92.00
Ships to be wheel equipped and based within Naval Petroleum Reserve No. 4:	
Curtis-Wright C-46 or equal	121.50
Douglas R5D (DC-4) or equal	260.00

APPLICABLE TO TYPE 2

Type of airplane:	
Douglas R4D (DC–3) or equal	90.00
Curtis-Wright C–46 or equal	119.50
Douglas R5D (DC–4) or equal	260.00

Mr. WIGGLESWORTH. The reason you want this stepped up is because you think that there is going to be more flying; is that it?

Captain MEADE. No, sir. We think costs are going to be higher.

The present contractor, as a matter of fact, claims that he is losing money, and we suspect that costs will be higher next year.

Mr. WIGGLESWORTH. You have to have another contract applicable to 1953?

Captain MEADE. Yes, sir; we have to advertise for a new contract beginning the 1st of July.

Mr. SHEPPARD. That contract was a 1-year contract originally, was it not?

Captain MEADE. Yes, sir; we extended it to 2 years, and we will advertise again for 2 years. It is better to get a longer term.

AIRWAY FACILITIES

Mr. SHEPPARD. All right, gentlemen, we will pick up budget activity No. 3, "Airway facilities." You are asking for $250,000 for 1953, and you had $250,000 in your 1952 estimate.

Mr. Reporter, insert the top of page 24–13 into the record at this point.

(The matter referred to is as follows:)

No.	Project	1951 actual	1952 estimate	1953 estimate
3A	Airway facilities	$250,797	$250,000	$250,000
	Total direct obligations	250,797	250,000	250,000

UNEXPENDED BALANCE

The unexpended balance as of December 31, 1951, was $272.26.

You will present your requirement under "Airway facilities." Does that mean you have to create a place for the planes to land adjacent to the operations where you want your people delivered, or just what do "airway facilities" mean in this respect?

CONTRIBUTION TO CAA

Captain MEADE. These costs are those of the Civil Aeronautics Administration. They maintain air navigation and the communication facilities of the airway between Fairbanks and Point Barrow with an intermediate station at Umiat.

Mr. SHEPPARD. Then this is your contribution for their operations within the flight field, wherein you have to participate; is that correct?

Captain MEADE. Yes, sir.

Mr. SHEPPARD. What do you do in the creation of landing fields adjacent to the property where you are going to have planes set down? I assume, perhaps erroneously, that that would not be within

the confines of the Civil Aeronautics Administration because it would be beyond the jurisdiction in which they are functioning?

Captain MEADE. Yes, sir; that is correct; any flight or landing facilities required have to be provided from our appropriation.

Mr. SHEPPARD. However, that is not a part of the appropriation I have just inquired into?

Captain MEADE. No, sir. All necessary fields at the present time have been provided, and as far as I know no new fields are contemplated.

Mr. SHEPPARD. This figure is the mandatory participation handed to you, I suppose, by the Civil Aeronautics Administration?

Captain MEADE. Yes, sir.

Mr. SHEPPARD. Do you have any questions on this item, Mr. Fernandez?

Mr. FERNANDEZ. No questions, Mr. Chairman.

Mr. SHEPPARD. Mr. Wigglesworth?

Mr. WIGGLESWORTH. Do you have anything to show how much this amount is to be?

Captain MEADE. No, sir.

Mr. WIGGLESWORTH. You do not know how it is computed or arrived at?

Captain MEADE. No, sir.

Mr. WIGGLESWORTH. You just take it as it is given to you?

Captain MEADE. Yes, sir; they send us a bill.

Mr. WIGGLESWORTH. How many people contribute to this in this way?

Captain MEADE. On this particular airfield we are the only contributors, sir.

Mr. WIGGLESWORTH. This is supposed to be the full cost, then, of maintaining and operating these facilities?

Captain MEADE. Yes, sir; I believe so.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

Mr. SHEPPARD. All right, gentlemen; thank you very much for your appearance. If you will supply the material that has been requested as rapidly as possible we will appreciate it very much, because we have to close these hearings today.

Captain MEADE. Thank you very much, Mr. Chairman and gentlemen of the committee.

CLOSING STATEMENT OF ADMIRAL CLEXTON AND VARIOUS TABLES ON PERSONNEL, ETC.

Mr. SHEPPARD. Admiral Clexton, will you proceed with your presentation, please?

Admiral CLEXTON. Thank you, Mr. Chairman.

This has been a long and detailed hearing of the Navy budget estimates for the fiscal year 1953. The Navy welcomes such a detailed review and feels that it is essential if this committee is to know the facts. We feel that your considered judgments and decisions will maintain a strong, modern, and adequate Navy.

BASIC ASSUMPTIONS USED FOR BUDGET PLANNING

The Navy budget provides for support of the operating forces and maintaining an increased state of readiness in terms of modern equipment.

In planning the procurement program, the Navy is acting on a policy designed to maintain a broadened productive base so as to provide a mobilization potential, rather than by obtaining large stocks of end items to be stored. Production rates have been "stretched out" to avoid "peaking" so that production capacity will be brought into being and preserved over a long period.

During the course of the hearings on the Navy's 1953 budget, the committee has expressed interest in Navy programs which are common to more than one management bureau. I have had prepared several tables which summarize these costs, and with your permission will insert them into the record at this time.

INDUSTRIAL MOBILIZATION

Table I, Industrial Mobilization, fiscal years 1951–53, includes the analysis of the cost of those activities and measures required to insure plans for the best and most rapid utilization of the Nation's productive potential in an all-out war. The production orders placed with industry are the most potent industrial mobilization. The table also shows, by appropriation, the cost for maintenance of reserve plants and of Government-owned machine tools and production equipment, industry preparedness measures, and planning within the Department of Defense for the fiscal years 1951–53.

RESEARCH AND DEVELOPMENT

As the experience of industry has so amply demonstrated, the rapidity of industrial development is related directly to the research and development done by industry. Similarly, the development and maintenance of a modern Navy, involving highly complex and technical equipment, requires a substantial research and development program if that Navy is to remain modern and capable of meeting the requirements of modern warfare. I should like to emphasize that research and development in the Navy has a broad area of application. The Navy is concerned with research and development for operations in the air, on the sea, on the land, under the sea, and in any combination thereof. The Navy must conduct an intensive research and development in the area of aircraft, subsurface operations, and the associated weapons. Most of the Navy's program is developmental, with substantial emphasis now being placed in the area of guided missiles, aircraft, antitrust, and antisubmarine warfare. Table II, which I should like to insert now, brings together the Navy's total research and development program which has been thoroughly reviewed and approved by the Research and Development Board. The table shows the estimates by appropriation title, with a breakdown of direct costs from indirect costs for the fiscal years 1951–53. Indirect costs, it will be remembered, are, for the most part, light, heat, power, and maintenance at Government-owned research and development installations.

CATALOGING PROGRAM

Table III, which I would like to insert in the record, is the total Navy cataloging program. The estimates support two phases of cataloging: one, the Munitions Board cataloging program; and two, the Navy cataloging program. The Munitions Board cataloging program is a coordinated effort by the Military Departments and the civilian agencies of the Government for the development of a common supply classifications system and identification language for the Federal Government. The Navy cataloging program is a coordinated effort among naval activities to publish, revise, and distribute for Navy use, supply catalogs to insure effective logistic support to current naval operations.

The value of this program, as has been brought out in the testimony on this and previous appropriation bills, has been amply demonstrated in both World Wars. Today cataloging is not limited to the mere compilation and publication of common items. It includes the research of all items of equipment in use and under procurement. It is this research effort that provides the real savings through the elimination of duplicate stock items and the payment of unnecessarily high prices for standard parts.

FUNDS DEPOSITED IN THE TREASURY

The committee, during the course of the hearings, indicated an interest in some of the operations that the Navy carries out that result in the generation of funds that are deposited into the general fund of the Treasury Department. A list of these items, such as rents of docks, wharves, and piers, income from sale of condemned and surplus property, and refunds of excess profits on renegotiated contracts, will be inserted in the record at table IV.

CIVILIAN EMPLOYMENT

The personal services for fiscal year 1953, totaling 497,143 man-years, will cost $1,935,988,153. This amount will be supplied from 1953 appropriations, prior years' appropriations, reimbursements, and working, revolving, and special funds. Of this total, 346,079 man-years costing $1,307,420,278 will be paid from new annual appropriations requested for fiscal year 1953. The distribution of employment by type of funds is shown in more detail on table V inserted at the end of this statement. A summary of total employment by appropriation, including departmental and field, is furnished as table VI. Departmental employment at seat of government, by appropriation, is shown as table VII.

Civilian employment under regular military functions of the Navy in fiscal year 1953 will increase by only 27,099 man-years of employment beyond that required in fiscal year 1952.

Maintenance of air stations will increase slightly because of those air stations added late in fiscal year 1952. Maintenance of ships of the expanded fleet will require an additional 11,000 man-years of employment, attributable largely to the installation of equipment already procured with prior-year funds. This is partially offset by a 5,500 man-year decrease in station maintenance in shipyards and associated facilities. Maintenance of ordnance and ammunition will be de-

creased by approximately 600 man-years, and a reduction of approximately 1,600 man-years will be made in the station maintenance of ordnance facilities. These reductions will be utilized toward supporting the increased production required in weapons, ammunition, and missiles.

Activities supporting essentially military personnel, such as hospitals, schools, training and similar activities will increase by approximately 900 man-years to provide support for the expanded military forces. Other service-wide facilities such as the depot supply system will require an additional 1,000 man-years to permit continuation of end fiscal year 1952 employment throughout fiscal year 1953 when there will be an extremely heavy impact upon the supply system from matériel deliveries under fiscal years 1951 and 1952 procurement programs.

Major procurement and production will require approximately 1,000 additional man-years in the aircraft procurement program; 5,000 additional man-years in ship construction; 8,300 additional man-years in weapon and ammunition manufacture; and 1,200 additional man-years in general procurement services including inspections. Major procurement and production areas will total approximately 88,000 man-years of employment in fiscal year 1953 but about 90 percent of the employment in this area will be supplied from prior years' appropriations, working and revolving funds, and reimbursements. In this area of long lead time production, especially in ship construction, large scale work cannot generally be initiated until the year following that of appropriation of funds.

Acquisition and construction of real property will utilize 982 additional man-years to continue the 1952 employment level throughout 1953 on the public works program authorized and funded in fiscal year 1952 and will be financed entirely out of prior years' money.

Civilian component, or reserve, programs will require approximately 4,600 additional man-years in fiscal year 1953. The reserve programs, severely reduced in scope in fiscal years 1951 and 1952 by the call-ups to active duty, are embarking in mid-1952 on a restoration of strengths. Activity in these programs will build up in fiscal year 1953 as personnel are made available through release from active duty and equipments are made available through increased production.

Research and development is a continuing process and the 3,382 additional man-years represent additional emphasis on improvements to material and equipment.

A reduction of 763 man-years in industrial mobilization is possible in fiscal year 1953 as additional productive facilities go into operation.

Establishment-wide activities increase by approximately 1,700 man-years essentially because of the requirements of the Military Sea Transport Service which reflect the troop and cargo lift requirements for the fiscal year.

A recapitulation of 1952 and 1953 man-years by general functions is as follows:

Descriptive type or function	Fiscal year 1952	Fiscal year 1953
1. Industrial total	178,089	198,067
(a) Overhaul and repair of aircraft	(34,883)	(29,252
(b) Overhaul and repair of ships	(53,954)	(64,844
(c) Maintenance and rework of ammunition and weapons	(15,864)	(15,200
(d) Shipbuilding	(44,355)	(49,257
(e) Production of ammunition and guns	(16,346)	(24,596
(f) Other procurement and production costs (including material inspectors)	(12,687)	(14,902
2. Station maintenance	120,453	115,810
3. Depot supply system	75,154	76,251
4. Construction programs—improvement of shore establishment, public works	3,648	4,630
5. Support of facilities for training Navy and Marine Corps Reserves	11,128	15,767
6. Technical personnel for research and development, test, and evaluation functions	32,162	35,544
7. Industrial mobilization	1,578	815
8. Administrative and finance services	22,838	23,490
9. Establishment-wide or interservice functions	24,994	26,730
Total man-years	470,044	497,140

CONCLUSION

To summarize and conclude the presentation of the Navy's 1953 estimates:

(1) Total new obligating authority requested is $13.2 billion;

(2) The estimate will maintain the Navy and Marine Corps at a state of readiness sufficient to conduct initial operations and to provide a reasonably adequate base for rapid expansion if all-out mobilization becomes necessary;

(3) The forces to be supported are those agreed to by the Joint Chiefs of Staff as the minimum necessary to achieve objectives outlined by the National Security Council; and

(4) Major procurement is estimated at a level which we believe can be maintained for an indefinite period without adverse effect on the national economy and at a level consistent with the requirement to maintain a desirable state of readiness in the light of world conditions which we must, perhaps, anticipate for several years.

As I stated before, our cost estimating, as reflected in these estimates, has been deemed as the severest austerity, but we believe that with these funds we can maintain a high degree of readiness. The budget estimates have been subjected to the most critical review internally within the Department of the Navy, by the Research and Development Board, Munitions Board, other offices within the Office of the Secretary of Defense and by the Secretary of Defense, by the Bureau of the Budget, and finally by the National Security Council. The review process, to which the estimates have been subjected, has resulted in major changes of guidelines and policies and cuts, dollarwise, to bring the total down to the $13.2 billion now under consideration. I feel that this figure is the minimum at this time. I want to state my personal appreciation for your patience, understanding, and consideration of our estimates, and if there is any further information the committee needs incident to your deliberations, I shall be only too glad to assist you in any way possible.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Admiral CLEXTON. You have seen them in all sorts of ways but this is what we do with the people, administrative and otherwise—about 22,000 out of 500,000—about 4 percent.

(Tables I to VII follow here:)

TABLE I.—*Obligations for industrial mobilization, fiscal years 1951, 1952, and 1953*

[Thousands of dollars]

Appropriation	Fiscal year 1951					Fiscal year 1952					Fiscal year 1953				
	Tool	I Reserve plants	II Machine tools production equipment	III Industry preparatory measures	IV Planning within department of defense	Total	I Reserve plants	II Machine tools production equipment	III Industry preparatory measures	IV Planning within department of defense	Total	I Reserve plants	II Machine tools production equipment	III Industry preparatory measures	IV Planning within department of defense
Total	74,018	8,827	41,869	21,189	2,133	59,135	11,788	17,680	26,250	3,417	20,751	3,888	555	13,200	3,108
Ships and facilities	18,073	6,391	6,887	3,418	1,377	29,724	10,521	11,853	5,550	1,800	8,225	3,135	250	3,200	1,640
Aircraft and facilities	29,375	722	25,084	3,304	265	6,221	327	119	5,500	275	7,206	31	100	6,775	300
Ordnance and facilities	23,514	1,406	8,795	13,311	2	21,558	515	5,343	15,200	500	3,980	310	100	3,225	345
Service-wide supply and finance	1,521	0	1,103	0	418	1,038	0	365	0	673	789	0	105	0	684
Medical care	1,196	0	0	1,156	40	89	0	0	0	89	89	0	0	0	89
Civil engineering	330	308	0	0	22	455	425	0	0	30	412	412	0	0	0
Marine Corps troops and facilities	9	0	0	0	9	50	0	0	0	50	50	0	0	0	50

TABLE II.—*Research and development, fiscal years 1951, 1952, and 1953*

[Thousands of dollars]

Appropriation	Fiscal year 1951					Fiscal year 1952					Fiscal year 1953				
	Total	Naval activity	Other Government activity	Universities	Private industry	Total	Naval activity	Other Government activity	Universities	Private industry	Total	Naval activity	Other Government activity	Universities	Private industry
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Total costs	450,079	178,066	21,225	54,731	196,057	524,360	206,109	16,825	39,572	261,854	574,649	226,212	17,120	42,480	288,837
Direct cost	378,436	106,423	21,225	54,731	196,057	431,019	112,768	16,825	39,572	261,854	480,009	131,563	17,120	42,480	288,837
Aircraft and facilities	134,148	22,760	1,701	1,958	107,729	161,519	24,195	2,931	1,383	133,010	185,000	26,896	3,560	1,680	152,864
Ordnance and facilities	106,254	48,296	8,605	7,510	43,843	126,955	44,318	7,242	5,798	69,597	142,000	57,715	6,650	7,470	70,165
Ships and facilities	64,111	25,854	6,803	4,065	29,389	78,300	28,959	4,780	3,778	40,783	85,500	30,359	5,050	4,130	45,961
Research	65,658	9,606	3,696	40,661	11,695	53,296	10,510	1,330	27,014	14,442	55,500	11,305	1,315	27,260	15,620
Medical care	2,715	2,348	232	135		3,448	2,678	346	399	25	3,500	2,327	308	849	16
Service-wide supply and finance	472	422	4	34	12	681	591	5	45	40	700	580	10	60	50
Civil engineering	1,774	992	184	98	500	1,949	827	41	425	656	2,000	1,025	75	350	550
Navy personnel, general expenses	361	27		270	64	697	55		525	117	800	218		466	116
Marine Corps troops and facilities	2,943	118			2,825	4,174	635	150	205	3,184	5,000	1,138	152	215	3,495
Indirect cost	71,643	71,643				93,341	93,341				94,649	94,649			
Aircraft and facilities	30,754	30,754				30,920	30,920				38,339	38,339			
Ordnance and facilities	9,895	9,895				12,100	12,100				12,063	12,063			
Ships and facilities	14,460	14,460				31,191	31,191				23,839	23,839			
Research	14,606	14,606				16,210	16,210				17,480	17,480			
Medical care	428	428				920	920				928	928			
Civil engineering	1,500	1,500				2,000	2,000				2,000	2,000			

[1] Includes $20 million for extending the period of some research contracts beyond 1 year.

TABLE III.—*Munitions Board and Navy cataloging programs, fiscal years 1951, 1952, 1953*

Appropriation	Fiscal year 1951			Fiscal year 1952			Fiscal year 1953		
	Total	Munitions Board cataloging	Navy cataloging	Total	Munitions Board cataloging	Navy cataloging	Total	Munitions Board cataloging	Navy cataloging
Total	$11,699,295	$7,092,160	$4,607,135	$13,645,888	$7,408,381	$6,237,507	$12,739,673	$6,051,966	$6,687,707
Aircraft and facilities	118,983	0	118,983	160,000	0	160,000	194,000	0	194,000
Civil engineering	62,500	12,500	50,000	125,000	75,000	50,000	125,000	75,000	50,000
Ships and facilities	229,500	133,000	96,500	268,500	152,000	116,500	259,500	155,000	104,500
Marine Corps troops and facilities	251,714	143,388	108,326	500,000	401,476	98,524	362,000	291,146	70,854
Service-wide supply and finance	10,982,631	6,775,644	4,206,987	12,520,466	6,737,100	5,783,366	11,723,300	5,481,400	6,241,900
Service-wide operations	30,425	18,255	12,170	33,780	21,180	12,600	35,675	25,875	9,800
Medical care	23,542	9,373	14,169	38,142	21,625	16,517	40,198	23,545	16,653

TABLE IV.—GENERAL ACCOUNT MISCELLANEOUS RECEIPTS, FISCAL YEARS 1951–53

Classification	Actual, 1951	Estimated, 1952	Estimated, 1953	Classification	Actual, 1951	Estimated, 1952	Estimated, 1953
Total	$63,183,113	$43,727,350	$43,382,350	Rents	19,405,507	20,470,000	20,465,000
				Royalties	1,364,466	1,300,000	1,300,000
Fees for permits and licenses	474,310	520,200	520,200	Sale of products	956,303	947,000	947,000
Fines, penalties and forfeitures	229,810	58,000	58,000	Fees and other charges for service	1,900,365	1,796,150	1,796,150
Gifts and contributions	6,293,231	25,500	25,500	Sale of Government property	12,170,979	863,000	513,000
Interest	269,687	297,000	307,000	Realization upon loans and investments	398,113	400,000	400,000
Dividends and other earnings	2,583	2,000	2,000	Recoveries and refunds	19,717,759	17,048,500	17,048,500

Source: Combined Statement of Receipts, Expenditures and Balances of the United States Government.

TABLE V.—*Man-years and dollars, civilian employment, Navy and Marine Corps, fiscal years 1951, 1952, and 1953*

EMPLOYMENT BY AREA

Area	Fiscal year 1951				Fiscal year 1952				Fiscal year 1953			
	Man-years			Dollars	Man-years			Dollars	Man-years			Dollars
	Total	IVb	Non-IVb		Total	IVb	Non-IVb		Total	IVb	Non-IVb	
TOTAL EMPLOYMENT	375,993	122,678	253,315	1,406,900,252	470,044	152,562	317,482	1,848,861,754	497,143	161,817	335,326	1,935,988,153
Departmental	15,063	14,766	297	62,544,019	17,970	17,596	374	84,102,813	18,962	18,572	390	87,974,391
Continental United States field	336,163	102,840	233,323	1,260,812,166	422,222	128,151	294,071	1,660,743,785	446,103	135,929	310,174	1,736,836,631
Overseas	24,767	5,072	19,695	83,544,067	29,852	6,815	23,037	104,015,156	32,078	7,316	24,762	111,177,131
EMPLOYMENT BY SOURCE OF FUNDS												
TOTAL EMPLOYMENT	375,993	122,678	253,315	1,406,900,252	470,044	152,562	317,482	1,848,861,754	497,143	161,817	335,326	1,935,988,153
Employment paid from prior year annual appropriations	14,056	1,396	12,660	55,119,035	39,965	3,623	36,342	161,999,943	42,113	3,397	38,716	169,129,250
Employment paid from prior year continuing appropriations	31,453	6,074	25,379	128,807,187	41,867	8,130	33,737	181,376,074	55,427	12,534	42,893	241,252,531
Employment paid from reimbursements	7,364	1,343	6,021	26,057,138	6,898	1,305	5,593	25,559,754	7,432	1,367	6,065	27,519,629
Employment paid from funds	30,611	6,561	24,050	123,924,932	35,668	9,145	26,523	141,076,674	38,575	10,699	27,876	155,535,882
Employment paid from current continuing appropriations	14,864	5,276	9,588	59,833,943	14,690	6,440	8,250	66,831,354	7,517	3,941	3,576	35,130,583
Employment paid from new annual appropriations	277,645	102,028	175,617	1,013,158,017	330,956	123,919	207,037	1,272,017,955	346,079	129,879	216,200	1,307,420,278

NOTE.—Dollars shown in this table exclude amounts reflected in the budget document and paid from "Medical care" for fees to civilian doctors at civilian institutions as follows 1951, $240,978; 1952, $390,300; and 1953 ,$437,000.

TABLE VI.—*Total civilian employment, appropriation basis, Navy and Marine Corps, fiscal years 1951, 1952, and 1953*

Appropriation	Fiscal year 1951			Fiscal year 1952			Fiscal year 1953		
	Positions	Man-years	Dollars	Positions	Man-years	Dollars	Positions	Man-years	Dollars
Total employment	462,009	375,993	1,406,900,252	512,746	470,044	1,848,861,754	521,424	497,143	1,935,988,153
Navy personnel, general expenses	12,428	10,063	34,245,209	12,918	12,289	44,612,297	13,257	12,599	45,729,889
Marine Corps troops and facilities	18,197	13,829	44,824,592	19,504	18,755	63,815,971	20,787	18,263	62,071,065
Aircraft and facilities, Navy	83,564	74,116	265,571,483	87,583	83,375	310,574,642	89,074	85,797	314,016,000
Construction of aircraft and related procurement	2,898	2,045	9,229,102	3,587	2,900	12,837,985	4,443	3,949	16,612,101
Ships and facilities, Navy	92,536	72,544	292,343,843	105,852	95,633	400,022,600	104,421	102,053	435,304,100
Construction of ships, Navy	34,517	23,467	98,125,333	28,702	27,837	121,729,500	9,475	9,411	41,728,600
Shipbuilding and conversion, Navy				12,268	11,797	52,085,000	37,397	36,328	160,555,700
Increase and replacement of naval vessels, construction and machinery	4,689	4,486	18,526,071	1,469	1,329	6,487,200	240	233	1,027,600
Ordnance and facilities, Navy	48,960	40,450	151,410,114	62,497	54,609	216,074,300	64,721	61,516	228,803,622
Ordnance for new construction, Navy	2,382	1,941	7,322,171	2,980	2,555	9,847,800	2,435	2,034	7,810,710
Ordnance for shipbuilding and conversion, Navy				955	441	1,740,600	2,283	1,613	6,277,100
Increase and replacement of naval vessels, armor, armament and ammunition	3,715	3,461	12,949,467	3,241	1,916	7,427,600	1,200	500	1,933,000
Medical care, Navy	10,181	8,593	24,645,778	11,348	10,996	33,839,700	11,799	11,439	35,221,000
Civil engineering, Navy	17,356	14,112	51,096,712	22,207	18,821	67,682,940	20,371	17,542	62,266,741
Research, Navy	5,030	4,482	19,955,109	5,545	5,087	24,520,000	5,596	5,293	25,446,640
Service-wide supply and finance, Navy	68,988	55,792	195,550,126	75,820	72,686	277,994,273	76,228	75,473	275,445,000
Service-wide operations, Navy	8,687	7,452	27,822,415	9,074	8,636	35,870,129	9,120	8,829	35,868,437
Operation and conservation of Naval Petroleum Reserves	19	16	68,034	19	17	79,800	17	17	77,393
Naval Petroleum Reserve No. 4, Alaska	1	9	39,371	1	9	40,742	1	9	40,742
Public works, Navy	1,244	1,049	4,144,300	4,993	3,585	16,105,337	5,105	4,630	20,260,921
Public works, Bureau of Yards and Docks	1,178	1,110	4,698,127	75	63	440,664			
Island governments, Navy	873	752	697,381						
Preparation for sale or salvage of military property	716	597	2,267,000	1,248	1,040	3,956,000	1,248	1,040	3,956,000
Preservation, cataloging, etc., of stocks, Navy	5,503	5,016	17,443,582						
Navy stock fund	5,569	4,207	14,490,357	5,569	5,060	18,000,000	4,783	4,736	17,060,000
Laundry service, Naval Academy	180	177	373,403	186	184	403,148	192	190	411,395
Naval working fund	8,204	7,318	31,885,735	5,005	3,898	15,500,000	4,025	3,798	15,100,000
Navy industrial fund	432	369	1,609,949	22,462	19,879	78,134,362	24,527	21,857	87,996,120
Navy management fund	23,953	18,536	75,545,073	7,372	6,411	27,992,458	8,401	7,719	33,786,259
Economy Act working funds	9	4	20,415	266	236	1,046,706	308	275	1,242,108

TABLE VII.—*Total civilian employment, appropriation basis, Navy and Marine Corps, fiscal years 1951, 1952, and 1953*

Appropriation	Fiscal year 1951			Fiscal year 1952			Fiscal year 1953		
	Positions	Man-years	Dollars	Positions	Man-years	Dollars	Positions	Man-years	Dollars
Total employment	462,009	375,993	1,406,900,252	512,746	470,044	1,848,861,754	521,424	497,143	1,935,988,153
Naval personnel, general expense	12,428	10,063	34,245,209	12,918	12,289	44,612,297	13,257	12,599	45,729,889
Marine Corps troops facilities	18,197	13,829	44,824,592	19,504	18,755	63,815,971	20,787	18,263	62,071,065
Aircraft and facilities	83,564	74,116	265,571,483	87,483	83,375	319,574,642	89,074	85,797	314,016,000
Construction of aircraft and related procurement	2,898	2,045	9,229,102	3,587	2,900	12,837,985	4,443	3,949	16,612,101
Ships and facilities	92,536	72,544	292,343,843	105,852	95,633	400,022,600	104,421	102,053	435,304,100
Construction of ships	34,517	23,467	98,125,333	28,702	27,837	121,729,500	9,475	9,411	41,728,600
Shipbuilding and conversion				12,268	11,797	52,085,000	37,367	36,328	160,555,700
Increased replacement of naval vessels, construction, and machinery	4,689	4,486	18,526,071	1,469	1,329	6,487,200	240	233	1,027,600
Ordnance and facilities	48,960	40,450	151,410,114	62,497	54,609	216,074,300	64,721	61,516	228,803,622
Ordnance, new construction	2,382	1,941	7,322,171	2,080	2,555	9,847,800	2,435	2,034	7,810,710
Ordnance for shipbuilding and conversion				955	441	1,740,600	2,283	1,613	6,277,100
Increased replacement of naval vessels, armor, armament, and ammunition	3,715	3,461	12,949,467	3,241	1,916	7,427,600	1,200	500	1,933,000
Medical care	10,181	8,593	24,645,778	11,348	10,996	33,839,700	11,799	11,439	35,221,000
Civil engineering	17,356	14,112	51,096,712	22,207	18,821	67,682,940	20,371	17,542	62,266,741
Research Navy	5,030	4,482	19,955,109	5,545	5,087	24,520,000	5,596	5,293	25,446,640
Service-wide supply and finance	68,988	55,792	195,550,126	75,820	72,686	277,994,273	76,228	75,473	275,445,00
Service-wide operations	8,687	7,452	27,822,415	9,074	8,636	35,870,129	9,120	8,829	35,868,437
Operation and construction of NavPetRes	19	16	68,034	19	17	79,800	17	17	77,303
Naval Petrol Reserve No. 4, Alaska	1	9	39,371	1	9	40,742	1	9	40,742
Public works, Navy	1,244	1,039	4,144,300	4,993	3,585	16,105,337	5,105	4,630	20,260,921
Island governments, Navy	873	752	697,381						
Preparation for sale or salvage, military property	716	597	2,267,000	1,248	1,040	3,956,000	1,248	1,040	3,956,000
Pres., catal g, etc., of stocks	5,503	5,016	17,443,582						
Public works, Bureau of Yards and Docks	1,178	1,110	4,698,127	75	63	440,664			
Navy stock fund	5,569	4,207	14,490,357	5,569	5,090	18,000,000	4,783	4,736	17,000,000
Laundry service, Naval Academy	180	177	373,403	186	184	403,148	192	190	411,395
Naval working fund	8,201	7,318	31,885,735	5,005	3,898	15,500,000	4,925	3,798	15,100,000
Naval industrial fund	432	369	1,609,949	22,462	19,879	78,134,362	24,527	21,857	87,996,120
Navy management fund	23,953	18,536	75,345,073	7,372	6,411	27,992,458	8,401	7,719	33,786,259
Working funds:									
Navy, Aeronautics	1	1	4,713	6	6	24,991	1	1	6,306
Navy, Marine Corps				91	76	315,080	125	105	457,492
Office of Naval Research	6	2	7,830	45	39	195,000	28	26	140,000
Navy, Ordnance				15	15	58,635	19	19	77,110
Navy, ships	2	1	7,872	109	100	453,000	135	124	561,200

NOTE.—Dollars shown in this table exclude amounts reflected in the budget document and paid from "Medical care" for fees to (p. 1 of 1) civilian doctors at civilian institutions as follows: 1951, $240,508; 1952, $396,300; and 1953, $437,000.

Mr. SHEPPARD. Have you any questions upon the gentleman's statement?

Mr. WIGGLESWORTH. I do not think so, Mr. Chairman. I would like to look over this material and, as the admiral stated, if we have further questions I understand he is prepared to supply the answers to them. I do not think I should take the time now.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

CARRY-OVER BALANCES OF FUNDS

Admiral CLEXTON. You inquired about our carry-over. The carry-over into 1954 has been placed in the record in detail and as you will recall about 90 percent of the carry-over was due to long-lead-type awards—tanks, aircraft, missiles, and ships on contract which could not be completed in the period of 1 or 2 years. About 10 percent of the carry-over was for the paying of bills necessarily delayed at the end of the fiscal year. In case of this carry-over if there was any cut it would produce wholesale cancellation of contracts and failure to obtain the essential weapons we have been trying to get to Korea and other points.

Mr. WIGGLESWORTH. That depends on the rate.

Mr. SHEPPARD. Why do you say it would cause cancellation of contracts? In other words, under your authority—you do frequently have authority to go ahead in your program with a project or program of construction. In doing that you have authority to enter into your contracts but you have from time to time come before the committee and asked for funds to take care of increments of money due on the contract—hypothetically, contracts in 1951 may run over to 1953.

Admiral CLEXTON. That is right.

Mr. SHEPPARD. You have not always had that money in 1951 when you made the contract and you have depended on the committee to appropriate the funds for that type of contract.

That was done in World War II contracts and in 1948 and 1949 contracts.

Now, assuming today you have the authority, for example, for ships—for tonnage. You award your contracts and you know you can complete it in the fiscal year. So you obviously have carry-over there. It is a question whether the funds should be made available at the time you make the contract or in each successive year. Do I make my point clear?

DISCONTINUANCE OF CONTRACT AUTHORITY

Admiral CLEXTON. Yes, sir. The use of contract authority such as you describe and cash has been discontinued since 1950 and I believe the contract authority and cash appropriation caused more money to be spent in that it complicates the accounting. The cost to the Government is the same.

Mr. SHEPPARD. In other words, what is a contract authority but a continuation of yearly appropriations? It is merely a promissory note on which payment accrues at specific times in the future. What you would be actually doing in many instances is making the budget look good when you do that but when you look at the budget the payments are still there and it is nothing but deferring the evil day.

Mr. WIGGLESWORTH. The very point of view of congressional control over expenditure is involved. There is a material difference in my judgment.

Admiral CLEXTON. The Navy is not set up on a system that it can be run on expenses up and down by any plan.

Mr. WIGGLESWORTH. Expenditures will vary very materially according to what comes off the production line.

Admiral CLEXTON. That is correct.

Mr. WIGGLESWORTH. Production speeds up these expenses. It could be very much heavier than expected with a resulting substantial increase in the national deficit for the current fiscal year. And the converse is also true. If production does not measure up to estimates, the expenditure will be less than contemplated.

Admiral CLEXTON. That is correct, sir. What I meant was that we have no control over expenditures in that way. If we let a contract to purchase a certain number of items at a definite rate, if we later on require this contractor to reduce his load of production he will probably require additional money because he may work on an inefficient base.

Mr. SHEPPARD. Your production line has a very important factor in the control over your costs. If you can put volume through on the production line your costs will come down. If you have only a proportionate ability in your production line functioning your costs increase. If you lower the production line your costs become maintained and that follows in Government or business. That is a rule of procedure that has never been defeated.

Admiral CLEXTON. Do you think they plan to take some of the money we have been using and substitute contract authority for the cash we already have?

Mr. SHEPPARD. No; I did not have that in mind. It is only a question whether there is comment about your receiving a tremendous amount of money which you are not spending.

Much of the comment that has been in the press, radio, and elsewhere during the last several months on this has been, in my opinion, based on a lack of knowledge or because someone was looking for headlines. That, I think, is known to anyone who has had anything to do with the functions of the Navy, and I speak from my own experience and associations with the Navy over a period of time.

Off the record.

(Discussion off the record.)

PERSONNEL CEILINGS

Mr. WIGGLESWORTH. I would like to ask what the present over-all ceiling on personnel is so far as the Navy is concerned? There is a ceiling on IV–b graded employees of approximately 151,000 I understand.

Admiral CLEXTON. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. There is no ceiling for other personnel in the Navy?

Admiral CLEXTON. No, sir. That is our share of the 500,000. That was in the bill.

Mr. WIGGLESWORTH. And you indicate in the tables you inserted that there is a total of 161,000 IV–b employees in 1953, or 10,000 in excess of that ceiling?

Admiral CLEXTON. That is correct, sir. The ceiling does not apply to the working fund programs personnel or the public works personnel, and you will note there are a considerable number of these.

Mr. WIGGLESWORTH. Are they in the table?

Admiral CLEXTON. They are in there, but not broken out.

Mr. WIGGLESWORTH. What is your present IV–b personnel to which this ceiling applies?

Admiral CLEXTON. Mr. Wigglesworth, the present IV–b ceiling is 151,500.

Mr. WIGGLESWORTH. Which you are requesting in 1953?

Have you got any leeway or are you over the ceiling?

Admiral CLEXTON. We are under our ceiling in 1952.

Mr. WIGGLESWORTH. How many have you got to whom the ceiling is applicable?

Admiral CLEXTON. I will have to get the number. It is very close to the 151,000.

Mr. WIGGLESWORTH. So the increase of IV–b personnel here of about 9,000 people would be substantially over the ceiling?

Admiral CLEXTON. The ceiling has 151,500 applicable to all IV–b with the exception of those working on public works and other exempted programs.

Mr. SHEPPARD. They were exempted by law?

Admiral CLEXTON. Yes. In the act.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. What I would like to know before marking up this bill is how many employees you have now of the type to which the ceiling is applicable, and how many would you have under the 1953 requests before the committee?

(Information requested is as follows:)

Résumé of IV–b man-years, fiscal years 1952 and 1953

	Fiscal year 1952	Fiscal year 1953
Total budgeted IV–b civilian personnel	152,562	161,817
Exemptions:		
Public works	2,822	3,545
Naval working fund	525	500
Other working funds	193	229
Civilian professors	325	335
Estimated outside reimbursables	800	900
Secretaries	4	4
Total exemptions	4,669	5,513
Net total (less exemptions)	147,893	156,304
Current ceiling	151,500	

Mr. SHEPPARD. I want to direct my remarks to both Admiral Solomons and Admiral Clexton and to thank them for their continuity of attention before the committee and for their responsive answers to our questions. You have been very responsive, both of you, and we appreciate it very much.

And I wish to express my appreciation to my colleagues for the manner in which they have cooperated and to our very able clerks. It has been a difficult program to handle and made embarrassingly so that we have been forced to do it unnecessarily expeditiously. And I wish to include the thanks of the committee to our reporters.

APPENDIX

OBLIGATIONS AND EXPENDITURES

(The following tables were requested on page 82:)

TABLE 1.—*Amounts available for expenditure and expenditures by appropriation, fiscal year 1951*

Appropriation title	Unexpended balance, June 30, 1950	New obligational authority, fiscal year 1951	Transfers	Total available for expenditure	Expenditures	Transferred to certified claims, surplus	Unexpended balance, June 30, 1951
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
DIRECT APPROPRIATIONS							
Military personnel, Navy		$1,825,073,000	$783,367	$1,825,856,367	$1,679,731,136		$146,125,231
Military personnel, Naval Reserve		66,893,000	−9,756,000	57,137,000	41,712,643		15,424,357
Military personnel, officer candidates, Navy		18,899,300		18,899,300	13,715,876		5,183,424
Navy personnel, general expenses		121,850,000	178,000	122,028,000	74,670,900		47,357,100
Military personnel, Marine Corps		476,158,000		476,158,000	379,701,765		96,456,235
Military personnel, Marine Corps Reserve		17,532,000	−10,093,000	7,439,000	3,592,833		3,846,167
Marine Corps troops and facilities		605,815,000	6,503,680	612,318,680	106,624,074		505,694,606
Aircraft and facilities, Navy		888,156,000	46,510,000	934,666,000	442,914,308		491,751,692
Construction of aircraft and related procurement, Navy	$994,410,929	[1] 3,050,922,000	−4,032,819	4,041,300,110	588,545,401		3,452,754,709
Ships and facilities, Navy		1,553,978,000	14,188,050	1,568,166,050	615,136,425		953,029,625
Construction of ships, Navy	380,755,073	670,800,000		1,051,555,073	217,905,427		833,649,646
Shipbuilding and conversion, Navy							
Ordnance and facilities, Navy		1,440,451,000	261,906	1,440,712,906	177,402,004		1,263,310,902
Ordnance for new construction, Navy	[2] 233,046,681	75,800,000		308,846,681	43,545,481		265,301,200
Ordnance for shipbuilding and conversion, Navy							
IRNV: Construction and machinery	[3] 149,311,693			149,311,693	72,40,268	−$3,610	76,475,035
IRNV: Armor, armament and ammunition	106,530,304			106,530,304	48,213,503		58,316,801
Medical care, Navy		127,138,000	1,283,661	128,421,661	66,815,557		61,606,104
Civil engineering, Navy		154,457,000	1,229,515	155,686,515	71,457,926		84,228,589
Facilities, Navy			30,670,698	30,670,698			30,670,698
Research, Navy	33,152,029	75,168,000	6,655,000	114,975,029	49,785,693	324,269	64,865,067
Service-wide supply and finance, Navy		412,290,000	3,611,200	415,901,200	353,064,349		62,836,851
Service-wide operations, Navy		183,478,000	−4,355,800	179,122,200	113,214,180		65,908,020
Operation and conservation of naval petroleum reserves	7,679,570	4,000,000		11,679,570	6,477,187	2,223	5,200,160
Naval Petroleum Reserve No. 4, Alaska	4,143,525	11,000,000		15,143,525	8,082,545		7,060,980
Public works, Navy	120,817,670	469,784,000	375,000	590,976,670	91,408,111		499,568,559
Public works, Bureau of Yards and Docks, Navy	50,223,711		−375,000	49,848,711	25,258,648		24,590,063
Construction, water supply facilities, San Diego							
Refund to Florida Keys Aqueduct Commission							
Island governments, Navy	167,730	2,125,000		2,292,730	1,205,769	12,798	1,074,163
Naval emergency fund	2,000,794			2,000,794	226,442		1,774,352

Footnotes at end of table, p. 1677.

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TABLE 1.—*Amounts available for expenditure and expenditures by appropriation, fiscal year 1951*—Continued

Appropriation title	Unexpended balance, June 30, 1950	New obligational authority, fiscal year 1951	Transfers	Total available for expenditure	Expenditures	Transferred to certified claims, surplus	Unexpended balance, June 30, 1951
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MISCELLANEOUS EXPIRED ACCOUNTS							
Aviation, Navy	$333,736,127		−$5,500,000	$328,236,127	$206,585,573	$14,887,527	$106,763,027
Contingencies of the Navy	1,536,671		−140,000	1,396,671	574,896	109,532	712,242
Contingent and miscellaneous expenses, Hydrographic Office	20			20	488	−468	
Contingent expenses, Navy Department	492,077			492,077	440,877	3,720	47,480
Fuel, Navy	9,108,867		−2,500,000	6,608,867	3,707,989	58,210	2,842,668
General expenses, Bureau of Naval Personnel	522,240			522,240	368,523	38,738	114,979
General expenses, Marine Corps	65,741,448		−14,200,000	51,541,448	31,245,432	887,731	19,408,285
Hydrographic Office, Navy	1,243,722		−160,000	1,083,722	736,350	44,865	302,507
IRNV: Emergency construction					11,360	−11,360	
Instruction, Navy					−86	86	
Maintenance, Bureau of Ships, Navy	226,452,351		−1,450,000	225,002,351	113,922,365	31,139,912	79,940,075
Maintenance, Bureau of Supplies and Accounts	15,033,224		−1,000,000	14,033,224	9,414,828	835,395	3,783,002
Maintenance, Bureau of Yards and Docks	16,218,771		−2,150,000	14,068,771	8,627,491	696,737	4,744,543
Medical Department, Navy	10,344,004		−2,190,000	8,154,004	5,844,736	529,212	1,780,055
Miscellaneous expenses, Navy	653,322		−270,000	383,322	210,340	28,823	144,159
Naval Academy	342,207			342,207	310,309	16,177	15,721
Naval Reserve	26,165,508		−8,850,000	17,255,508	16,134,246	229,541	891,721
Officer candidate training, Navy	3,987,874		−1,649,000	2,338,874	1,515,111	81,127	742,636
Ordnance and ordnance stores, Navy	170,270,550		−105,000	170,165,550	102,282,384	14,347,762	53,535,404
Pay and allowances, naval personnel	55,819,810		−4,000,000	51,819,810	50,899,861		919,950
Pay and subsistence of naval personnel	23,541,445		−22,450,000	1,091,445	257,518	833,927	
Pay, Marine Corps	38,808,757		−22,100,000	16,708,757	7,909,778	321,491	8,477,487
Payment of claims under specified acts, Navy	144,329		−100,000	44,329	42,597		1,732
Printing and binding, Navy Department	281,245			281,245	171,756	109,489	
Repair facilities, Navy	178			178	7,684	−7,684	17
Reserve material, Navy	−47			−47	−56		
Salaries, Bureau of Aeronautics	206,313			206,313	183,807	19,728	2,77
Salaries, Bureau of Medicine and Surgery	121,525			121,525	73,835	1,302	46,38
Salaries, Bureau of Naval Personnel	472,344		−100,000	372,344	325,159	5,398	41,78
Salaries, Bureau of Ordnance	203,947			203,947	188,394	7,598	7,95
Salaries, Bureau of Ships	393,831			393,831	392,345	644	84
Salaries, Bureau of Supplies and Accounts	294,425			294,425	267,272	74	27,07
Salaries, Bureau of Yards and Docks	136,519			136,519	128,106	1,382	7,03
Salaries, Headquarters, Marine Corps	163,790			163,790	149,549		14,24
Salaries, Office of Chief of Naval Communications	44,756			44,756	31,299	10,273	3,18
Salaries, Office of Chief of Naval Operations	106,965			106,965	87,302	12,021	7,64

Salaries, Office of Judge Advocate General	27,065			27,065	21,449	4,099	1,517
Salaries, Office of Naval Research	83,785			83,785	81,021	866	1,898
Salaries, Office of the Secretary, Navy	249,782			249,782	244,351	4,298	1,134
Subsistence, Navy	1,091,388			1,091,388	−4,003,670		5,095,057
Training and education, Navy	3,238,446		−1,120,000	2,118,446	1,611,041	164,414	342,990
Transportation and recruiting of naval personnel	12,214,214		−6,275,000	5,939,214	3,570,811	187,138	2,181,265
Transportation of things, Navy	20,534,252		−7,851,000	12,683,252	7,144,192	276,394	5,262,666
Welfare of naval personnel	266,336			266,336	228,128	34,991	3,216
Retired pay, Marine Corps	602,798		−575,000	27,798	−681	28,478	
Retired pay, Navy	8,567,536		−8,490,000	77,536	52,354	25,181	
Naval Home, Philadelphia, Pa	31,258			31,258	21,469	2,964	6,826
Naval Observatory	126,759			126,759	79,257	2,202	45,300
Salaries, Office of Naval Records and Library	3,423			3,423		3,423	
Salaries, Board of Inspection and Survey	292			292		292	
Salaries, Office of Naval Intelligence	18,715			18,715		18,715	
Pay of civil force, Office of Commandant, Marine Corps	3,359			3,359		3,359	
Pay of civil force, Supply Department, Marine Corps	6,922			6,922		6,922	
Total	3,131,835,154	$12,251,767,300	−29,587,542	15,354,014,912	5,865,347,591	66,338,327	9,422,328,993

[1] Includes $124,797,000 of fiscal year 1950 contract authority for fiscal year 1951 program as provided by Public Law 759.
[2] Reflects rescission of prior years contract authorization of $31,460,000.
[3] Reflects administrative increase of prior years contract authorizations of $10,900,000.

TABLE 2.—*Amounts available for obligation and obligations, by appropriation, fiscal year 1951*

Appropriation title	Unobligated balance brought forward	New obligational authority, fiscal year 1951	Transfers	Total available for obligation	Direct obligations, fiscal year 1951	Unobligated balance available in fiscal fiscal year 1952		
						Total (budget document)	Navy S. F. 133	In other agencies
(1)	2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
DIRECT APPROPRIATIONS								
Military personnel, Navy		$1,825,073,000	$783,367	$1,825,856,367	$1,789,099,097			
Military personnel, Naval Reserve		66,895,000	−9,756,000	57,137,000	55,122,677			
Military personnel, officer candidates		18,899,300		18,899,300	16,370,796	$2,528,504	$2,528,504	
Navy personnel, general expenses		121,850,000	178,000	122,028,000	120,392,594			
Military personnel, Marine Corps		476,158,000		476,158,000	442,466,805			
Military personnel, Marine Corps Reserve		17,532,000	−10,093,000	7,439,000	4,617,000			
Marine Corps troops and facilities		605,845,000	6,593,680	612,438,680	598,903,790			
Aircraft and facilities, Navy		888,156,000	46,510,009	934,666,009	931,868,517			
Construction of aircraft and related procurement, Navy	$139,561,525	3,050,922,000	−4,032,829	3,186,450,796	3,132,297,199	54,153,597	54,396,659	−$243,152
Ships and facilities, Navy		1,553,978,000	14,188,050	1,568,166,050	1,566,976,682			
Construction of ships, Navy	19,872,514	670,800,000		690,672,514	542,732,674	147,940,345	137,601,704	10,338,641
Ordnance and facilities, Navy		1,440,451,000	261,906	1,440,712,906	1,439,431,568			
Ordnance for new construction, Navy	122,516,535	75,800,000		198,316,535	78,945,087	119,371,448	118,793,334	578,114
IRNV: Construction and machinery	32,104,448			32,104,448	32,104,448			
IRNV: Armor, armament and ammunition	23,275,061			23,275,061	23,275,061			
Medical care, Navy		127,138,000	1,283,661	128,421,661	128,392,486			
Civil engineering, Navy		154,457,000	1,229,515	155,686,515	150,919,456			
Facilities, Navy			30,670,698	30,670,698	30,670,698			
Research, Navy		75,168,000	6,655,000	81,823,000	80,995,339	827,661	212,473	615,188
Service-wide supply and finance, Navy		412,290,000	3,611,200	415,901,200	414,890,482			
Service-wide operations, Navy		183,478,000	−4,355,800	179,122,200	178,637,070			
Operation and conservation of naval petroleum reserves		4,000,000		4,000,000	3,991,961			
Naval Petroleum Reserve No. 4, Alaska	940,386	11,000,000		11,940,386	8,782,792	3,157,594	3,093,201	64,393
Public works, Navy	63,275,070	469,784,000	375,000	533,434,070	350,922,963	182,511,107	176,676,578	5,834,529
Public works, Bureau of Yards and Docks	9,181,595		−375,000	8,806,595	5,057,934	3,748,661	3,535,581	213,080
Island governments, Navy		2,125,000		2,125,000	1,832,579			
Total	410,727,134	12,251,767,300	83,637,458	12,746,131,892	12,128,797,250	514,238,827	496,838,034	17,400,793

TABLE 3.—*Amounts available for expenditure and expenditures by appropriation, fiscal year 1952*

Appropriation title	Unexpended balance, June 30, 1951	New obligational authority, fiscal year 1952	Transfers through December 1951	Total available for expenditure	Expenditures	Transferred to certified claims, surplus	Unexpended balance, June 30, 1952
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
DIRECT APPROPRIATIONS							
Military personnel, Navy	$146,125,231	$2,456,475,000		$2,602,600,231	$2,381,200,000		$221,400,231
Military personnel, Naval Reserve	15,424,357	62,718,000		78,142,357	48,300,000		29,842,357
Military personnel, officer candidates, Navy	5,183,424	19,348,000		24,531,424	19,500,000		5,031,424
Navy personnel, general expenses	47,357,100	97,570,000		144,927,100	108,600,000		36,327,100
Military personnel, Marine Corps	96,456,235	565,459,000		661,915,235	580,400,000		81,515,235
Military personnel, Marine Corps Reserve	3,846,167	15,145,000		18,991,167	5,600,000		13,391,167
Marine Corps troops and facilities	505,694,606	1,018,120,000		1,523,814,606	410,700,000		1,113,114,606
Aircraft and facilities, Navy	491,751,692	923,393,000	+$1,500,000	1,416,644,692	806,000,000		610,644,692
Construction of aircraft and related procurement, Navy	3,452,754,709	3,883,000,000		7,335,754,709	1,394,500,000		5,941,254,709
Ships and facilities, Navy	953,029,625	1,537,452,000	−5,870,000	2,484,611,625	1,121,700,000		1,362,911,625
Construction of ships, Navy	709,264,526	21,392,000	−12,989,880	717,666,646	437,600,000		280,066,646
Shipbuilding and conversion, Navy	[1] 124,385,120	1,343,297,000	+12,614,880	1,480,297,000	92,187,303		1,388,109,697
Ordnance and facilities, Navy	1,263,310,902	1,335,668,000	−50,012,665	2,548,966,237	870,500,000		1,678,466,237
Ordnance for new construction, Navy	265,301,200			265,301,200	72,500,000		192,801,200
Ordnance for shipbuilding and conversion, Navy		431,390,000		431,390,000	33,600,000		397,793,000
IRNV: Construction and machinery	76,475,035			75,475,035	60,588,218		15,886,817
IRNV: Armor, armament, and ammunition	58,316,801			58,316,801	43,316,315		15,000,486
Medical care, Navy	61,606,104	135,770,000		197,376,104	148,800,000		48,576,104
Civil engineering, Navy	84,228,589	196,488,000		280,716,589	162,700,000		118,016,589
Facilities, Navy	30,670,698		+56,257,665	86,928,363	22,800,000		64,128,363
Research, Navy	64,865,067	69,698,000	+300,000	134,863,067	62,700,000		72,163,067
Service-wide supply and finance, Navy	62,836,851	485,102,000		547,938,851	462,000,000		85,938,851
Service-wide operations, Navy	65,908,020	150,779,000	−135,000	216,552,020	165,000,000		51,552,020
Operation and conservation of naval petroleum reserves	5,200,160	11,908,000		17,108,160	13,200,000		3,908,160
Naval Petroleum Reserve No. 4, Alaska	7,069,980			7,060,980	6,500,000		560,980
Public works, Navy	499,568,559	801,243,000		1,300,811,559	325,300,000		975,511,559
Public works, Bureau of Yards and Docks, Navy	24,590,063			24,590,063	10,000,000		14,590,063
Construction, water supply facilities, San Diego		18,000,000		18,000,000	5,000,000		13,000,000
Refund to Florida Keys Aqueduct Commission		1,096,392		1,096,392	1,096,032		
Island governments, Navy	1,074,163			1,074,163	600,000		474,163
Naval emergency fund	1,774,352			1,774,352	11,000		1,763,352

[1] Reflects transfer of obligated balance of fiscal year 1951 fourth supplemental program from construction of ships, Navy.

TABLE 3.—*Amounts available for expenditure and expenditures by appropriation, fiscal year 1952*—Continued

Appropriation title	Unexpended balance, June 30, 1951	New obligational authority, fiscal year 1951	Transfers	Total available for expenditure	Expenditures	Transferred to certified claims, surplus	Unexpended balance, June 30, 1951
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MISCELLANEOUS EXPIRED ACCOUNTS							
Aviation, Navy	$106,763,027			$106,763,027	$70,000,000	$36,763,027	
Contingencies of the Navy	712,242			712,242	100,000	612,242	
Contingent expenses, Navy Department	47,480			47,480	11,000	36,480	
Fuel, Navy	2,842,668			2,842,668	500,000	2,342,668	
General expenses, Bureau of Naval Personnel	114,979			114,979	38,000	76,979	
General expenses, Marine Corps	19,408,285			19,408,285	4,000,000	15,408,285	
Hydrographic Office, Navy	302,507			302,507	100,000	202,507	
IRNV: Emergency construction					2,750	−2,750	
Maintenance, Bureau of Ships, Navy	79,940,075			79,940,075	40,000,000	39,940,075	
Maintenance, Bureau of Supplies and Accounts	3,783,002			3,783,002	1,000,000	2,783,002	
Maintenance, Bureau of Yards and Docks, Navy	4,744,543			4,744,543	2,000,000	2,744,543	
Medical Department, Navy	1,780,055			1,780,055	1,400,000	380,055	
Miscellaneous expenses, Navy	144,159			144,159	20,000	124,159	
Naval Academy	15,721			15,721	10,000	5,721	
Naval Reserve	891,721			891,721	500,000	391,721	
Officer candidate training, Navy	742,636			742,636	100,000	642,636	
Ordnance and ordnance stores, Navy	53,535,404			53,535,404	36,834,022	16,701,382	
Pay and allowances, naval personnel	919,950			919,950	200,000	719,950	
Pay, Marine Corps	8,477,487			8,477,487	100,000	8,377,487	
Payment of claims under specified acts, Navy	1,732			1,732		1,732	
Repair facilities, Navy	178			178		178	
Reserve material, Navy	9			9		9	
Salaries, Bureau of Aeronautics	2,777			2,777		2,777	
Salaries, Bureau of Medicine and Surgery	46,389			46,389		46,389	
Salaries, Bureau of Naval Personnel	41,787			41,787	1,000	40,787	
Salaries, Bureau of Ordnance	7,955			7,955		7,955	
Salaries, Bureau of Ships	842			842		842	
Salaries, Bureau of Supplies and Accounts	27,079			27,079		27,079	
Salaries, Bureau of Yards and Docks	7,032			7,032		7,032	
Salaries, Headquarters, Marine Corps	14,241			14,241		14,241	
Salaries, Office of Chief of Naval Communications	3,184			3,184		3,184	
Salaries, Office of Chief of Naval Operations	7,642			7,642		7,642	
Salaries, Office of Judge Advocate General	1,517			1,517		1,517	
Salaries, Office of Naval Research	1,898			1,898		1,898	
Salaries, Office of the Secretary, Navy	1,134			1,134		1,134	
Subsistence, Navy	5,095,057			5,095,057	100,000	4,995,057	
Training and education, Navy	342,990			342,990	250,000	92,990	

Training and education, Navy	342,990			342,990	250,000	92,990	
Transportation and recruiting of naval personnel	2,181,265			2,181,265	100,000	2,081,265	
Transportation of things, Navy	5,262,666			5,262,666	100,000	5,162,666	
Welfare of naval personnel	3,216			3,216	1,000	2,216	
Naval Home, Philadelphia, Pa	6,826			6,826		6,826	
Naval Observatory	45,300			45,300	33,000	12,300	
Total	9,422,328,993	$15,580,511,392	+$1,665,000	25,004,505,385	10,030,000,000	140,767,885	14,833,737,500

TABLE 4.—*Amounts available for obligation and obligations, by appropriation, fiscal year 1952*

Appropriation title	Unobligated balance forwarded budget document	New obligational authority fiscal year 1952	Transfers	Total available for obligation	Direct obligations	Unobligated balance available fiscal year 1953
(1)	(2)	(3)	(4)	(5)	(6)	(7)
DIRECT APPROPRIATIONS						
Military personnel, Navy		$2,456,475,000		$2,456,475,000	$2,456,475,000	
Military personnel, Naval Reserve		62,718,000		62,718,000	53,300,000	
Military personnel, officer candidates, Navy	$2,528,504	19,348,000		21,876,504	19,230,504	$2,646,000
Navy personnel, general expenses		97,570,000		97,570,000	97,570,000	
Military personnel, Marine Corps		565,459,000		565,459,000	565,459,000	
Military personnel, Marine Corps Reserve		15,145,000		15,145,000	7,500,000	
Marine Corps troops and facilities		1,018,120,000		1,018,120,000	1,018,120,000	
Aircraft and facilities		923,393,000	+$1,500,000	924,893,000	924,893,000	
Construction of aircraft and related procurement	54,173,507	3,883,000,000		3,937,153,507	3,937,153,507	
Ships and facilities, Navy		1,537,452,000	−5,870,000	1,531,582,000	1,531,582,000	
Construction of ships, Navy	147,940,345	21,392,000	−12,989,880	156,342,465	156,342,465	
Shipbuilding and conversion, Navy		1,343,297,000	+12,614,880	1,355,911,880	1,355,911,880	
Ordnance and facilities, Navy		1,335,668,000	−50,000,000	1,285,668,000	1,285,668,000	
Ordnance for new construction, Navy	119,371,448			119,371,448	63,000,000	56,371,448
Ordnance for shipbuilding and conversion, Navy		431,390,000		431,390,000	336,390,000	95,000,000
Medical care, Navy		135,770,000		135,770,000	135,770,000	
Civil engineering, Navy		196,488,000		196,488,000	196,488,000	
Facilities, Navy			+56,245,000	56,245,000	56,245,000	
Research, Navy	827,661	69,698,000	+300,000	70,825,661	70,825,661	
Service-wide supply and finance, Navy		485,102,000		485,102,000	485,102,000	
Service-wide operation, Navy		150,779,000	−135,000	150,644,000	150,644,000	
Operation and conservation of naval petroleum reserves, Navy		11,908,000		11,908,000	11,908,000	
Naval Petroleum Reserve No. 4, Alaska	3,157,594			3,157,594	3,157,594	
Public works, Navy	182,511,107	801,243,000		983,754,107	882,360,000	101,394,107
Public works, Bureau of Yards and Docks	3,748,661			3,748,661	460,862	3,287,799
Construction, water supply facilities, San Diego		18,000,000		18,000,000	18,000,000	
Refund to Florida Keys Aquaduct Commission, Navy		1,096,392		1,096,392	1,096,392	
Total	514,138,827	15,580,511,392	+1,665,000	16,096,415,219	15,820,652,865	258,699,354

TABLE 5.—*Status of funds available for expenditure, fiscal year 1952, as of Dec. 31, 1951*

Appropriation title	Fiscal year 1952 new obligational authority	Transfers through Dec. 31	Unexpended balance, July 1, 1951	Total available for expenditure	Expenditures, first 6 months [1]	Unexpended balance, Dec. 31, 1951 [2]
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Military personnel, Navy	$2,456,475,000		$146,125,231	$2,602,600,231	$1,159,952,620	$1,442,647,611
Military personnel, Naval Reserve	62,718,000		15,424,357	78,142,357	24,449,633	53,692,724
Military personnel, officer candidates, Navy	19,348,000		5,183,424	24,531,424	9,579,754	14,951,670
Navy personnel, general expenses	97,570,000		47,357,100	144,927,100	60,747,159	84,179,941
Military personnel, Marine Corps	565,459,000		96,456,235	661,915,235	265,170,155	396,745,080
Military personnel, Marine Corps Reserve	15,145,000		3,846,167	18,991,167	1,941,905	17,049,262
Marine Corps troops and facilities	1,018,120,000		505,694,606	1,523,814,606	159,913,783	1,363,900,823
Aircraft and facilities, Navy	923,393,000	+$1,500,000	491,751,692	1,416,644,692	362,694,383	1,053,950,309
Construction of aircraft and related procurement, Navy	3,883,000,000		3,452,754,709	7,335,754,709	519,546,184	6,816,208,525
Ships and facilities, Navy	1,537,452,000		953,029,625	2,490,481,625	457,345,402	2,033,136,223
Construction of ships, Navy	21,592,000	−12,898,645	[2] 709,264,526	717,757,881	190,870,155	526,887,726
Shipbuilding and conversion, Navy	1,343,297,000	+12,614,880	[2] 124,385,120	1,480,297,000	−46,219,746	1,526,516,746
Ordnance and facilities, Navy	1,335,668,000	−6,012,665	1,263,310,902	2,592,966,237	243,473,533	2,349,492,704
Ordnance for new construction, Navy			265,301,200	265,301,200	31,902,783	233,398,417
Ordnance for shipbuilding and conversion, Navy	431,390,000			431,390,000	221,350	431,168,650
IRNV: Construction and machinery			76,475,035	76,475,035	25,917,644	50,557,391
IRNV: Armor, armament and ammunition			58,316,801	58,316,801	22,018,032	36,298,769
Medical care, Navy	135,770,000		61,606,104	197,376,104	66,688,022	130,688,082
Civil engineering, Navy	196,488,000		84,228,589	280,716,589	77,342,119	203,374,470
Facilities, Navy		+6,256,430	30,670,698	36,967,128	4,757,579	32,209,549
Research, Navy	69,698,000	+300,000	64,865,067	134,863,067	30,066,818	104,796,249
Service-wide supply and finance, Navy	485,102,000		62,836,851	547,938,851	216,185,082	331,753,769
Service-wide operations, Navy	150,779,000		65,908,020	216,687,020	81,838,240	134,848,780
Operation and conservation naval petroleum reserves	11,908,000		5,200,160	17,108,160	6,292,426	10,815,734
Naval Petroleum Reserve No. 4, Alaska			7,060,980	7,060,980	4,531,445	2,529,535
Public works, Navy	801,243,000		499,568,559	1,300,811,559	163,348,627	1,137,462,932
Public works, Bureau of Yards and Docks			24,590,063	24,590,063	2,775,585	21,814,478
Construction, water supply facilities, San Diego	18,000,000			18,000,000		18,000,000
Refund to Florida Keys Aqueduct Commission, Navy	1,096,392			1,096,392		1,096,392
Island governments, Navy			1,074,163	1,074,163	344,533	729,630
Naval emergency fund			1,774,352	1,774,352	22	1,774,330
Miscellaneous expired accounts			298,268,657	298,268,657	75,947,164	222,321,493
Total	15,580,511,392	+1,800,000	9,422,328,993	25,004,640,385	4,219,642,391	20,784,997,994

[1] Does not reflect transactions against amounts in working funds of other agencies.
[2] Reflects transfer of obligated balance of fiscal year 1951, fourth supplemental program, from "Construction of ships, Navy" to "Shipbuilding and conversion, Navy."

TABLE 6.—*Amounts available for expenditure and expenditures by appropriation, fiscal year 1953*

Appropriation title	Unexpended balance, June 30, 1952	New obligational authority, fiscal year 1953	Transfers	Total available for expenditure	Expenditures	Transferred to certified claims, surplus	Unexpended balance, June 30, 1953
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
DIRECT APPROPRIATIONS							
Military personnel, Navy	$221,400,231	$2,501,000,000		$2,722,400,231	$2,481,800,000	$36,757,270	$203,842,961
Military personnel, Naval Reserve	29,842,357	60,553,000		90,398,357	55,000,000	2,014,323	33,384,034
Military personnel, officer candidates, Navy	5,031,424	21,315,000		26,346,424	20,900,000		5,446,424
Navy personnel, general expenses	36,327,100	103,000,000		139,327,100	98,000,000	1,635,406	39,691,694
Military personnel, Marine Corps	81,515,235	622,774,000		704,289,235	598,100,000	33,691,195	72,498,040
Military personnel, Marine Corps Reserve	13,391,167	17,944,000		31,335,167	13,000,000	2,822,000	15,513,167
Marine Corps troops and facilities	1,113,114,606	926,192,000		2,039,306,606	837,000,000	13,414,890	1,188,891,716
Aircraft and facilities, Navy	610,644,692	1,038,000,000		1,648,644,692	883,000,000	2,797,483	762,847,209
Construction of aircraft and related procurement, Navy	5,941,254,709	3,500,000,000		9,441,254,709	2,959,000,000		6,482,254,709
Ships and facilities, Navy	1,362,911,625	1,287,000,000		2,649,911,625	1,250,000,000	77,089,368	1,322,822,257
Construction of ships, Navy	280,066,646	52,273,000		332,339,646	217,300,000		115,039,646
Shipbuilding and conversion, Navy	1,388,109,697	944,306,000		2,332,415,697	550,000,000		1,782,415,697
Ordnance and facilities, Navy	1,678,466,237	982,600,000	−$16,679,000	2,644,387,237	1,323,700,000	97,674,035	1,222,993,202
Ordnance for new construction, Navy	192,801,200			192,801,200	90,000,000		102,801,200
Ordnance for shipbuilding and conversion, Navy	397,790,000	102,890,000		500,680,000	98,000,000		402,680,000
IRNV: Construction and machinery	15,886,817			15,886,817	12,500,000	3,386,817	
IRNV: Armor, armament and ammunition	15,000,486			15,000,486	14,900,000	100,486	
Medical care, Navy	48,576,104	116,500,000		165,076,104	134,500,000	29,175	30,546,929
Civil engineering, Navy	118,016,589	222,800,000		340,816,589	210,000,000	4,767,059	126,049,530
Facilities, Navy	64,128,363		16,679,000	80,807,363	48,800,000		32,007,363
Research, Navy	72,163,067	75,700,000		147,863,067	68,500,000		79,363,067
Service-wide supply and finance, Navy	85,938,851	483,400,000		569,338,851	485,600,000	1,010,718	82,728,133
Service-wide operation, Navy	51,552,020	120,000,000		171,552,020	131,800,000	485,130	39,266,890
Operation and conservation of naval petroleum reserves	3,908,160	13,250,000		17,158,160	14,000,000	8,039	3,150,121
Naval Petroleum Reserve No. 4, Alaska	560,980	8,500,000		9,060,980	6,318,000		2,742,980
Public works, Navy	975,511,559	(1)		[1] 975,511,559	[1] 440,500,000		[1] 535,011,559
Public works, Bureau of Yards and Docks, Navy	14,590,063			14,590,063	4,000,000		10,590,063
Construction, water-supply facilities, San Diego	13,000,000			13,000,000	13,000,000		
Refund to Florida Keys Aqueduct Commission							
Islands government, Navy	474,163			474,163	181,742	292,421	
Naval emergency fund	1,763,352			1,763,352	100,258		1,663,094
Total	14,833,737,500	13,200,000,000		28,033,737,500	13,059,500,000	277,995,815	14,696,241,685

[1] Does not include anticipated fiscal 1953 supplemental appropriation for military public works.

[1] Does not include anticipated fiscal 1953 supplemental appropriation for military public works.

TABLE 7.—*Amounts available for obligation and obligations, by appropriation, fiscal year 1953*

Appropriation title	Unobligated balance brought forward	New obligational authority, fiscal year 1953	Transfers	Total available for obligation	Direct obligations, fiscal year 1953	Unobligated balance available, fiscal year 1954
(1)	(2)	(3)	(4)	(5)	(6)	(7)
DIRECT APPROPRIATIONS						
Military personnel, Navy		$2,501,000,000		$2,501,000,000	$2,501,000,000	
Military personnel, Naval Reserve		60,556,000		60,556,000	60,556,000	
Military personnel, officer candidates, Navy	$2,646,000	21,315,000		23,961,000	21,146,200	$2,814,800
Navy personnel, general expenses		103,000,000		103,000,000	103,000,000	
Military personnel, Marine Corps		622,774,000		622,774,000	622,774,000	
Military personnel, Marine Corps Reserve		17,944,000		17,944,000	17,944,000	
Marine Corps troops and facilities		926,192,000		926,192,000	962,192,000	
Aircraft and facilities, Navy		1,038,000,000		1,038,000,000	1,038,000,000	
Construction of aircraft and related procurement		3,500,000,000		3,500,000,000	3,500,000,000	
Ships and facilities, Navy		1,287,000,000		1,287,000,000	1,287,000,000	
Construction of ships, Navy		52,273,000		52,273,000	52,273,000	
Shipbuilding and conversion, Navy		944,306,000		944,306,000	944,306,000	
Ordnance and facilities, Navy		982,600,000	−$16,679,000	965,921,000	965,921,000	
Ordnance for new construction, Navy	56,371,448			56,371,448	30,000,000	26,371,448
Ordnance for shipbuilding and conversion, Navy	95,000,000	102,890,000		197,890,000	139,000,000	58,890,000
Medical care, Navy		116,500,000		116,500,000	116,500,000	
Civil engineering, Navy		222,800,000		222,800,000	222,800,000	
Facilities, Navy			+16,679,000	16,679,000	16,679,000	
Research, Navy		75,700,000		75,700,000	75,700,000	
Service-wide supply and finance, Navy		483,400,000		483,400,000	483,400,000	
Service-wide operations, Navy		120,000,000		120,000,000	120,000,000	
Operation and conservation of naval petroleum reserves		13,250,000		13,250,000	13,250,000	
Naval Petroleum Reserve No. 4, Alaska		8,500,000		8,500,000	8,500,000	
Public works, Navy	101,394,107			101,394,107	99,990,000	1,404,107
Public works, Bureau of Yards and Docks	3,287,799			3,287,779		3,287,799
Total	258,699,354	13,200,000,000		13,458,699,354	13,365,931,200	92,768,154

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